FINANCIAL TIMES

No. 27,708 Tuesday November 7 1978

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

'Death list' woman hunted

Police are hunting a woman who is believed to have compiled a death list containing 30 names. The list was found at the home of a woman who was shot on Sunday.

Scotland Yard named the wanted woman as Alvada Ruth Kooken, aged 55, a senior secretary at the U.S. Embassy. The hunt is concentrated in Essex and Suffolk.

Two women on the death list have been placed under police guard. Margaret Philbin, 48, who died after being shot near South Kensington Underground station, was a former friend of Kooken.

Another secrets charge dropped

Another charge was dropped in the Old Bailey secrets trial, the sixth of the original nine charges to be disposed of since the trial began. Justice Mars-Jones said he would direct the jury to return a not guilty verdict relating to a charge against reporter John Crispin Aubrey.

'Massacre' claim

Rhodesia's military command said that 25 black civilians had been massacred in an unspecified area in the northern war zone. The statement said the area had been cleared of spent cartridge cases but there were "indications" that Communist weapons had been used.

Davies resigns

John Davies, Conservative spokesman on foreign affairs, has resigned as MP for Knutsford and is to give up his political career because of ill-health. Mr. Davies recently had a neurological operation after being taken ill at the Tory conference. Back Page

Bread strike

Almost 70 per cent of bread supplies will be hit by the bakery workers' strike which began early today after receiving union backing. Back Page

Ryder damages

Lord Ryder, former National Enterprise Board chairman, has accepted libel damages thought to exceed £100,000 over Daily Mail allegations concerning a so-called slush fund operated by British Leyland. Page 7

Holiday threat

Travel agents meeting on the Costa del Sol have been told that package flights from the UK to Spain next summer may be disrupted unless Britain reconsiders its decision to move Iberia Airlines flights from Heathrow to Gatwick. Page 8

Probe begins

A judge and two lawyers gathered in Pretoria to begin probing the alleged misuse of public funds in South Africa's most serious political scandal since the National Party came to power 30 years ago. Page 4

Flats blast

Eight people, including two firemen and a policeman, were taken to hospital after an explosion at a block of flats in Sheffield.

Briefly . . .

Barry Barnes was remanded on bail at Bow Street court, London, accused of stealing £140,000 from the Foreign Office.

Chinese Vice-Premier Wang Chen arrived in London with an 18-strong trade mission.

Three former teachers at London's William Tyndale school lost their appeal against dismissal.

Princess Alexandra ended a five-day visit to Egypt by opening a razor blade factory at Alexandria.

Unions representing 5,000 Paris airport workers called for a 24-hour strike starting today.

ITV said it had won exclusive rights to the Davis Cup final between Britain and the U.S. in Los Angeles next month.

BUSINESS

Equities steadier; Gold falls $4½

● EQUITIES were steadier — despite a disappointing level of business — reflecting hopes of a revival of institutional and public buying interest. The FT Industrial Ordinary Share Index closed 3 points up at 475.4.

● GILTS eased in small trading, the Government Securities Index closing 0.03 down at 68.55.

● GOLD continued to lose ground on the London bullion market to close $4½ an ounce down at $210⅝, after touching $206¾ earlier in the day.

● DOLLAR opened firm but drifted later despite support from the central banks. It showed a gain from Friday's closing levels, its trade-weighted average depreciation narrowing to 9.6 (9.9) per cent.

● STERLING closed 60 points down at $1.9770, after falling to $1.9610 on initial dollar strength. The pound's trade-weighted index closed at 62.8 (62.9).

● WALL STREET was 3.47 down at 821.04 near the close.

Output prices still rising

● OUTPUT prices charged by industry at the factory gate are still increasing at a moderate pace. This suggests that some of the bigger pay rises this year have been absorbed by companies at the expense of profit margins. Back Page

● GOVERNMENT plans to publish a Bill on industrial democracy face renewed attacks from industrialists. The CBI's national conference voiced overwhelming opposition to legislation on any form of employee participation. Back and Page 10

● THERE are indications that a majority of drivers and cylinder handlers at the 46 depots within British Oxygen's gases division will reject the company's "final" 8–9 per cent pay offer.

● GOVERNMENT has approved a 22 per cent pay rise for Britain's firemen under the special case deal which ended the national strike. Page 9

● EEC Banking Federation has welcomed the proposed European Monetary System, but has reservations about how the scheme should operate. Page 8

● U.S. banking consortium has agreed on a rescue plan for the stricken Italian chemicals group, Liquichimica, coupled with a moratorium on outstanding debts which could reach L1,000bn ($1.2bn). Page 30

● FORMAL contracts have been signed for equipment supplies for the $3.8bn Brazilian-Paraguayan hydroelectric scheme at Itaipu on the Parana river. Page 6

COMPANIES

● LUCAS Industries made up some ground lost in the U.K. toolroom strike in the second half of the year to July 31, 1978 to finish the 12 months with pre-tax profits £3.7m down at £73.05m. Page 24 and Lex

● BOEING announced a 132 per cent rise in third quarter net earnings to $92.6m. Page 29

● BRITISH Car Auction Group profits for the year ended July 31, 1978 rose 55 per cent to nearly £1.72m. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury Var. 1983...£94¾	+	⅛
Allied Retailers	102	+ 7
Anglo-Transvaal Inds.	112	+ 7
Barclays Bank	350	+ 5
Beecham	640	+ 7
Berkeley Hambro	132	+ 4
Bowring (C. T.)	106	+ 3
De La Rue	415	+ 7
Electrocomponents	280	+ 13
Portlands Ests.	206	+ 4
Ruth (C. E.)	245	+ 10
S. & Nthrn. Group	38	+ 5
Echo	64	+ 4
MEPC	135	+ 4
Pilkington	285	+ 5
Reed Executive	50	+ 4
Sotheby	310	+ 10
Vickers	194	+ 6
F. S. Geduld	£13	+ ½
Hartebeest	£11	+ ½
Randfontein	£29	+ 1

FALLS

Assoc. British Foods	68	− 4
Chepring	40	− 5
Greatermans Stores A	110	− 20
Lucas Inds.	301	− 4
Martin The Newsagent	216	− 7
Tilbury Contracting	282	− 5
Malayan Dredging	425	− 25

PRESS CENSORSHIP IN IRAN: OILFIELD STRIKES CONTINUE

Shah appoints general as Premier to quell violence

BY PATRICK COCKBURN

Iran's new military Government, appointed by the Shah to curb weeks of mounting violence and civil unrest aimed at toppling his regime, moved rapidly to restore order yesterday.

As Tehran struggled to recover from its worst day of violence since the crisis began, the 10-man cabinet—headed by the country's Chief of Staff and including seven of national interests . . . financial generals—imposed full Press and television censorship, arrested five editors and instructed the army to enforce martial law strictly.

Against a background of continuing violence and no sign of the strike in the vital oilfields ending, the Shah abandoned any attempt to form a broadly-based coalition government to include the country's opposition, following the resignation on Sunday of the Cabinet of Mr. Sharif-Emami after only ten weeks in office.

Instead he appointed Gen. Gholamreza Azhari to take charge of a military administration which, he said, would only be temporary.

In a radio broadcast the Shah said "the killings and chaos in many parts of the country reached a stage as to endanger the country's independence." Once order was restored he guaranteed that free elections would be held.

In a defensive speech to Iran's 34m people, the Shah admitted that "under the name of preventing chaos and unrest, there is a possibility that past mistakes of suppression would be repeated" and "under the name of national interests . . . financial corruption and political corruption may be established." He promised that "past mistakes of unlawfulness, cruelty and corruption would not be repeated."

Gen. Azhari, the new Prime Minister, has a standard military background and was appointed Chief Supreme Commander of Staff in 1971.

He has retained five Ministers from Mr Sharif Emami's outgoing administration, three of whom are civilians. They include Mr Amir Khosrow Afshar-Qasemlu, the Foreign Minister.

His ministerial appointments leave no doubt about the military nature of government in future.

Admiral Kamal Ed-Din Habibollahi, the naval commander, becomes Minister of Education, Science, Higher Education and Fine Arts, while Gen. Gholam Ali Oveissi, ground forces commander and Teheran martial law governor, takes over the Labour and Social Affairs Ministry.

Gen. Oveissi is known to be close to the Shah to whom he was personal ADC in the early 1960s before becoming head of the gendarmerie. He has been commander of the ground forces since 1972.

The new Government was immediately condemned by the Shah's leading opponents. In Paris, Ayatollah Khomeini, the leading religious opponent of the regime, called on the Iranian people to carry on the struggle until the Shah is overthrown.

Dr. Karim Sanjabi, the leader of the main Opposition party, the National Front, who is also in Paris for talks with Ayatollah Khomeini, said that the Shah was "more isolated than ever."

In Washington, however, the new Government received cautious approval from the State Department.

In London, Dr. David Owen, the Foreign Secretary, said there was little risk to British nationals following yesterday's burning of the British Embassy.

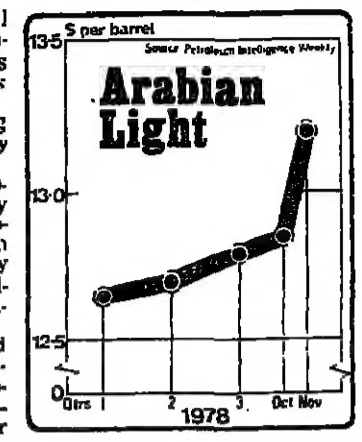
As communications within the country deteriorate it is not clear how far the military Government can re-establish full control outside the capital.

Other developments, Page 4
Parliament, Page 11

Oil cutback boosts prices

BY KEVIN DONE, ENERGY CORRESPONDENT

PRICES OF crude oil and oil products have risen substantially on international markets as a result of the severe cutback of production in riot-torn Iran.



But oil supplies to consuming countries are not seriously threatened yet.

The Secretariat of the 19-nation International Energy Agency considers that oil supplies will have to become much tighter before it could justify putting its emergency oil-sharing programme into operation.

The agency, which was formed in response to the last major disruption to international oil supplies—the 1973 Arab embargo—said yesterday that all member countries had emergency reserves to last at least 70 days.

Member countries have agreed on an emergency programme for cutting their oil consumption by 7 per cent if oil supplies are reduced by a similar amount. But the agency has not received information from any of its members indicating that supplies have dropped by anything like this amount.

Some oil is still being produced and exported from Iran. Output of the Western oil companies' consortium yesterday was about 1.26m barrels, with exports of 850,000 barrels. This contrasts with production of 5m barrels a day before the strike began a week ago.

Mr. Anthony Wedgwood Benn, UK Energy Secretary, said yesterday that Britain—which has been taking about 16 per cent of its crude oil imports from Iran and sufficient stocks of crude and refined products to maintain present consumption levels for 72 days.

"There is no early threat to the supply of oil needed to keep our economy moving, he said.

However, the Department of Energy is watching carefully the level of crude oil exports from the North Sea. It is maintaining close contact with the oil companies to monitor the success of their attempts to secure additional supplies from sources other than Iran.

The oil companies believe that if Iran's crisis is short-lived, the impact of the cutback in supplies will be very limited. With the cargoes already en route from the Gulf, supplies are secured for three to four weeks and these can be supplemented by stocks and some alternative supplies from other OPEC countries.

Most companies acknowledge, though that they are now in increasing competition for any extra supplies that become available.

One oil trader said in London that some parts of the market had gone "beserk." A premium of about $1 above the prices set by OPEC was being paid for most crudes from the Gulf.

For much of the past two years oil had been selling at discount prices because of the temporary glut of supplies. Now there was "a certain amount of panic in the market," he said.

Prices of Arabian light crude, set officially at $12.70, have risen to more than $13.20 and other crude prices have risen by as much as 10 per cent.

They have risen quickly because traders expect a shortage to develop later this year or early 1979. One oil company said it had reached the stage where the present shortfall in supplies could no longer be made up.

The result is that the spot market for crude oil has reached near-standstill as suppliers hang on to whatever oil they have until the situation in Iran becomes clearer.

Some of the production losses could be made up if other OPEC countries eased their output restrictions.

The Japanese Ministry of Trade and Energy Agency said that Japan and other oil-consuming countries might ask oil producers such as Saudi Arabia, Kuwait and the United Arab Emirates to increase output if the unrest in Iran was prolonged.

However, the Abu Dhabi Department of Petroleum ruled the Emirate out of any such agreements yesterday. It had no intention of increasing oil production to make up the shortfall, it said.

BP and Total end subsidies

British Petroleum and Total are today ending subsidies for their filling stations, pushing up petrol prices by as much as 5p a gallon. The move, to cut petrol marketing losses, was started by Mobil yesterday. Back Page

£ in New York

	Nov. 6	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Midland may extend evening opening

By Michael Blanden and Nick Garnett

MIDLAND BANK is to open 20 of its High Street branches on shopping evenings in the New Year for a six-month trial. If the experiment succeeds, it will be extended to a total of 400-500 branches.

The bank also announced plans yesterday to explore with its staff the possibility of providing a limited Saturday morning service at its three recently-opened area offices at Newcastle, Wearside, and Southampton.

The moves follow the Price Commission's recommendation in its report on bank charges in April, that the banks should try to achieve greater flexibility in opening hours.

Barclays has already announced Saturday opening, as a special case, at its Brent Cross shopping centre branch, in North London, and for several bureaux de change, and is planning to experiment with more flexible hours at a number of other branches.

Other big banks are also believed to be studying the possibilities, and National Westminster is setting up a joint working party.

Midland said its staff and unions had been advised of the bank's plans. During the next few weeks the bank would hold meetings with them to discuss implementation of the experiments.

At present the bank has evening opening at about 200 of its 2,500 UK offices, remaining from the earlier arrangement introduced after Saturday opening was ended in 1969.

Midland announced that the selected 20 branches will open on Fridays, or other local shopping evenings, between 5 pm and 7 pm.

They will provide a service for personal and potential customers to open accounts, withdraw cash, arrange personal loans, obtain foreign exchange and travellers' cheques and make inquiries. Cash withdrawals will be allowed against a cheque card or Access credit card or by prior arrangement.

However, the branches will not offer a service for commercial customers, except in an emergency.

The bank said: "If a commercially justifiable demand is evident, it is the intention to extend opening to 400 to 500 branches and to cancel all other existing evening opening arrangements."

The National Union of Bank Employees is generally opposed to evening opening and has been concerned that more banks might propose similar pilot schemes.

Continued on Back Page

Austin-Morris assembly may be halted tonight

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALL Austin-Morris car assembly is expected to be at a standstill by tonight, and about 13,000 BL employees to be laid off after the first strike in protest at the company's 5 per cent pay offer.

The walkout by 3,500 workers at the Drews Lane plant, Birmingham, which supplies steering and suspension parts, has had a rapid impact on production.

From this morning the Maxi, Princess, Mini, Marina and MG sports car lines will be halted. Allegro assembly is expected to stop from tonight.

At Ford Motor the company has signalled its willingness to modify some conditions attached to its attendance bonus offer, in an effort to end the strike by its 57,000 manual workers.

At BL Mr. Michael Edwardes, the chairman, has personally backed the tough management line in negotiations, and warned that "the company will not pay more regardless of how long the employees at Drews Lane remain on strike."

The company underlined the gravity of the situation last night by recalling that shop stewards had been warned that the consequence of a prolonged dispute could be the loss of up to a further 10,000 jobs.

In a document accompanying the 5 per cent offer unions were told that the position of BL Cars was "critical." Neither Jaguar, Rover-Triumph nor Austin-Morris was likely to show a profit at the end of the year. Both were supported by the components operation.

A dispute which stopped all BL Cars operations would cause a loss of market share, particularly in vehicles produced by Austin-Morris, and could lose between 7,000 and 10,000 jobs.

Management has made clear to the manual unions that about 7,000 voluntary redundancies will be required before the New Year to finance the programme of pay parity—the same wage for the same job—by November 1979.

White-collar union leaders were told that negotiations must open soon about voluntary redundancies in staff areas.

In response to plant-level claims from manual workers for pay increases of well over 30 per cent from the start of this month, the company says that 5 per cent is the most it can afford. Such an award has been made conditional on acceptance of redundancies involved in the parity programme.

Plants affected by the Drews Lane strike are:

● Cowley, Marina, Maxi and Princess production halted from today, with more than 2,000 assembly workers and 750 body plant employees laid off, and 1,000 paint and trim operators expected to be idle by tonight.

● Abingdon, MG assembly stops and 500 laid off.

● Longbridge, Mini halted, with more than 3,600 idle; Allegro expected to stop tonight, with 4,500 more laid off.

● Jaguar-Rover-Triumph takes few components from Drews Lane and will feel little effect.

Christian Tyler writes: Mr.

Continued on Back Page

Peat faces further £8m claim

BY MICHAEL LAFFERTY

PEAT MARWICK MITCHELL, the international accounting concern, is to face additional damages claims of the order of DM 30m (£8m) in the West German courts in connection with the collapse of Bieberhaus the Frankfurt department store in 1976.

That was confirmed yesterday by UDS, the UK department store chain with a 50 per cent-owned associate, Möbel Hubner, which acquired Bieberhaus in 1975.

It follows the German Appeal Court's dismissal of Peat Marwick's appeal against a DM 5m (£1.3m) damages award in the same case.

The significance of the Appeal Court's decision is, however, still in dispute between Peat Marwick and UDS. Peat Marwick said yesterday it is to seek leave to appeal to the German Supreme Court over the Appeal Court award. The request will probably be filed today.

The dispute concerns the Appeal Court's confirmation of a lower court's DM5m damages award and whether it took account of the total Möbel Hubner losses at Bieberhaus.

According to UDS, the action against Peat Marwick is in three sections:

● Compensation for the DM5m cost of the Bieberhaus shares;

● Damages for failing to report pre-acquisition losses;

● Compensation for subsequent trading losses until Bieberhaus was closed down.

UDS said that the only action it had taken so far concerns the first item. Now that Peat Marwick's appeal against the court's award in that claim has been dismissed, UDS has decided to press ahead with its other claims.

Altogether the total amount claimed in the case is about DM 35m (£9.3m), plus costs and interest. That is of the same order as the record-breaking £8m claim outstanding against Deloitte Haskins and Sells, London, in respect of the London and County Securities affair.

Peat Marwick is still adamant that the DM 5m award is the end of the matter as far as possible damages are concerned.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Greek bid for shorter farm price transition

By Giles Merritt

BRUSSELS, Nov. 6.

MR. GEORGE RALLIS, the Greek Foreign Minister, today emphasised — after the latest round of talks on Greek accession to the EEC—that the Athens Government still seeks to pare down the length of time during which Greek farm products would be subject to a rtnsitional pricing structure.

Although this morning's Ministerial session was not devoted to agricultural topics, Mr. Rallis indicated afterwards that Greece is pushing for the transitional period (during which its produce would not yet have been brought up to EEC price levels) to be reduced to less than the 5-year minimum recently recommended by the Brussels Commission.

Late this month, Sig. Lorenzo Natali, the Commissioner in charge of enlargement questions, revealed that the Commission was proposing to shorten the overall seven-year transitional phase first mooted. Sig. Natali said that a minimum five-year period would be recommended to the Council of Ministers, and that only in the case of such sensitive products as meat, olive oil, fats and dairy goods, would a seven-year transition be required.

U.S., Turkey arms talks

ANKARA, Nov. 6.

A FOUR-MAN team from the U.S. Defence Department started talks with Turkish officials today on possibilities of Turkish-American co-operation in arms manufacture.

A Turkish Foreign Ministry announcement defined the talks as "initial contacts in an effort to base defence relations between the two countries on sounder principles."

Officials said the talks will be "exploratory," with neither side expected to undertake contractual obligations at this stage.

Turkish representatives from the Foreign, Defence and Industry Ministries, the State Planning Organisation and the General Staff took part in the discussions.

The American group is scheduled to visit Turkish installations in Ankara and Istanbul where small arms and other defence equipment are manufactured.

Lucy Benson, U.S. Under-secretary of State for Security Assistance, is expected here tomorrow for separate talks.

AFTER THE AUSTRIAN NUCLEAR REFERENDUM

Major energy and economic problems ahead

BY PAUL LENDVAI

VIENNA, Nov. 6.

THE DEFEAT of the Government in yesterday's nuclear referendum in Austria is bound to produce major economic, financial and balance of payments problems for the land-locked country and the consequences will also affect neighbouring countries and Poland.

Faced with a dramatically widening gap between rising domestic demand and dwindling resources, the "No" to the commissioning of the completed nuclear power plant at Zwentendorf will lead to a much greater dependence by Austria on imports.

It was the gradual exhaustion of primary energy supplies from domestic sources and the growing strain on the external payment balance which induced the previous People's Party government and later Dr. Kreisky's Socialist cabinet to give the go-ahead for the construction of nuclear power plants.

The operating company was set up in February 1970 by the Verbundgesellschaft, the state electricity concern, and seven regional utility companies. The decision to build a nuclear plant with 700 MW capacity at Zwentendorf on the danube (some 25 miles north-west of Vienna) was taken a year later. Construction began in 1972 and the plant was completed this year at a total investment cost of Sch 8bn (approximately £280m).

The Government's original energy programme provided in September 1976 for the construction of three nuclear plants with an aggregate capacity of 3,300 MW by 1990. However, the nuclear controversy has not only held up the commisionning of Zwentendorf but also forced the Government to shelve other nuclear projects.

What will now happen to the Zwentendorf plant? A cynic would say that Austria already has a famous watch museum in Vienna and ihta it will now also operate a nuclear museum. But no one knows the answer to the question. Both Chancellor Kreisky and the Minister of Trade and Energy, Dr. Josef Staribacher, have said that the Government will respect the result of the referendum and that the plant will not go on stream.

Dr. Kreisky speculated today that a new law would have to be passed by Parliament about the commissioning of the plant and that this in turn would have to be submitted to another referendum. For the time being, however, the state electricity concern and the utility companies in the provinces will receive no power from the plant.

At the height of the referendum campaign the People's Party leader, Dr. Josef Taus raised the possibility of converting the nuclear plant into a conventional thermal power plant. Dr. Staribacher, however, retorted that such a conversion would cost the enormous sum of Sch 6bn and that such generation of power would cost 40 to 110 per cent more than by nuclear means.

There are other adverse consequences of putting the Zwentendorf plant into mothballs. According to Dr. Wilhelm Frank, who runs the energy department at the Ministry of Trade, Austria would have to spend at current prices, Sch 1.35bn per annum on the crude oil imports and Sch 1.33bn on coal imports in order to produce the same amount of power that the Zwentendorf plant would have generated. In contrast, the nuclear fuel would cost merely Sch 250m yearly. And as the fossil fuels would have to be imported, there would be a foreign exchange burden of an additional Sch 1bn per annum.

The latest energy projection up to 1990 (compiled by the Institute for Economic Research) estimates that the share of imports in terms of domestic gross energy consumption will rise from 64.3 per cent last year (the proportion even reached 68.1 per cent in 1976) to 80 per cent by the end of the 1980s. Assuming an average 3.5 per cent growth of the GNP per annum between 1977-90 energy consumption between 1975-1985 is estimated to rise by 3.7 per cent per annum.

Assuming that one nuclear plant was in operation, the forecast reckoned that nuclear energy would account for 3.7 per cent of domestic energy consumption by 1985 and for 3.2 per cent by 1990. The Institute reckons that if no nuclear plant were in operation by 1990, the country would need 3.9m tons of brown coal or 2m tons of hard coal or 1.1bn cubic metres of natural gas or 1m tons of fuel oil to make up for the missing 4,200 GWh of electrical energy.

Dr. Bruno Kreisky

However, the energy report made it clear that the growing demand could in practice be satisfied by fuel oil.

Meanwhile the changes in the primary energy consumption during the past two decades have already reflected the shift from solid to liquid fuels and the growing reliance on imports. Thus between 1960 and 1977 (calculated in 1,000 tons of hard coal equivalent) consumption of coal dropped from 7.6m tons to 4.8m tons, but that of crude oil showed an almost fourfold rise to 15.7m tons and of natural gas three and a-half times to 5.9m tons, while hydroelectrical output doubled to 3.3m tons.

In terms of relative shares, hard coal in 1977 accounted for 10.5 per cent, soft coal for 5.3 per cent and hydroelectricity for 11.2 per cent of gross domestic consumption. But oil had a share of 52.5 per cent and natural gas 19.9 per cent.

It is now reckoned that if no nuclear plant is in operation by 1990, the share of oil would rise to 57 per cent. It is true that Austria is one of the Few European countries with domestic oil ouput. But production is falling (between 1975 and 1977 from 2.04m tons to 1.78m tons) while imported crude (primarily from Iraq, Libya and the Soviet Union) totalled respectively nearly 13m tons.

As Chancellor Kreisky put it today, the output of Zwentendorf alone would have been the equal of Austria's total known reserves of crude, amounting to some 30m tons. Natural gas deposits are estimated to be only 22bn cubic metres and by 1985 the relationship between domestic output and import will be 1.1bn cubic metres versus 5.9bn cubic metres of imports.

It is no wonder that under these circumstances the pressure on he balance of payments will be increased steadily. Between 1972 and 1976 the fuel import bill jumped from Sch 24.8bn, but in the first half of htis year imports rose again by 7.2 per centin volume and by 1.7 per cent in value.

Another important consideration is growing dependence on imports from the Communist bloc which (excluding Yugoslavia) last year accounted for 48.4 per cent of the aggregate energy imports: in detail for 80.9 per cent of thecoal, 25.3 per cent of electricity, 25 per cent of crude oil and 99.3 per cent of the natural gas imported by Austria.

What an Austrian daily newspaper today called "the political earthquake" is bound to give an impulse to co-operative projects, already under discussion with Poland and Hungary.

Austria already imports electricity from Poland, via Czechoslovakia, and the building of a coal pipeline from Poland to Linz (where Austria's largest steel plant of Voest is situated) with a capacity of 5m tons per annum is under consideration. Another possibility is the joint exploitation of large lignite deposits on the Hungarian side of the Austro-Hungarian border. The costs of the joint exploitation and the construction of a thermal power plant on the Austrian side, with a final capacity of 1,200 MW, could reach about Sch 10bn within a period of 10 years.

In short, economic and energy experts take a distinctly pessimistic view of Austria's long-term energy problems after the "no" vote on the Zwentendorf plant. But the real price will have to be paid in the mid-1980s and it is quietly hoped that—by then—the popular mood may have changed once again.

Spanish actor on 'insult' charge

By David Gardner

MADRID, Nov. 6.

SR JOSE RAMON SAGASETA, a young Basque actor, is due to be court-martialled tomorrow in Vitoria, in a case which will fuel an already tense and violent atmosphere in the Basque country. Sr Sagaseta is accused of insulting the national flag, an offence under Article 316 of the code of military justice. The prosecution is seeking a two year jail term.

Sr Sagaseta belongs to the "Lagunak" theatre group, which last January put on a play satirising the Moncloa pacts between the Government and Opposition. Sr Sagaseta played the part of a television announcer, who at a certain point in the action, wipes his forehead with the national flag. He was arrested immediately after the performance.

This is the second time this year that actors have fallen foul of the military. In March, four members of a Catalan mime group were jailed for two years following a court-martial for alleged insult to the armed forces.

In Sr Sagaseta's case, the military has refused to consider postponement of the trial until next month. This is crucial to the outcome, since the new constitution, due to be ratified by referendum on December 6, makes military justice applicable only to the armed forces.

The Sagaseta case has now become associated with the potentially far more explosive court-martial pending against Sr Mario Onaindia, Secretary General of ETA (Party for the Basque Revolution).

He now leads the main radical nationalist party, which won two seats in last year's general elections. The military prosecutor is asking for a three year jail term, because Sr Onaindia inserted a notice in the Basque press in memory of the two ETA militants executed by firing squad in September 1975. The memorial was to "two anti-fascists murdered by the police," and the alleged offence was to the civil guards who made up the firing squad.

Observers in the Basque country believe that Sr Onaindia's case cannot be heard until after the constitution comes into force. This should mean automatic withdrawal of the charges, and would therefore remove what would otherwise become a major focus of civil disturbance in the region.

Andreotti in union talks

BY RUPERT CORNWELL

ROME, Nov. 6.

AGAINST A background of spreading strikes, Prime Minister Giulio Andreotti tonight began talks with Italian union leaders aimed at averting a breakdown of his efforts to hold the line on pay rises in the public sector this winter.

The immediate task for the Premier, armed with last week's Parliamentary backing for his stand on the continuing hospital dispute, is to secure enough agreement with the major organised unions to ward off a threatened one-day official strike in the entire public sector this Friday.

In effect, though, what is at stake are the prospects for genuine wage moderation in the three-year wage contracts now coming up for renegotiation. These coincide exactly with the 1979-81 economic recovery plan of the Government, of which control of labour costs forms a vital part.

If Friday's strike takes place, it will cap a week of sporadic chaos. Today saw further industrial action at schools and universities and airports, while tomorrow Italy faces a day virtually without television as employees of the RAI broadcasting organisation stage their own strike.

For their part the so-called "autonomous" unions, whose defiance has forced the bigger and more orthodox unions into a more militant posture, are staging a one-day public sector stoppage on Thursday.

In the meantime, on the political front the latest challenge to Sig. Andreotti's Administration comes on Wednesday over proposals to do away with the mediaeval *mezzadria* system of tithe farming, already approved by the Senate.

Communists and Socialist are adamant that this reform promised for decades but never implemented, should go through unamended as part of the overall agreement between the parties on a joint programme of Government.

This line has been broadly endorsed by Sig. Andreotti himself. But some Right-wing elements in his ruling Christian Democrat party may rebel, on the grounds that the proposals were unconstitutional, and would be unfair to those land owners who had invested heavily to increase the efficiency of their holdings.

Liberals gain support in Swedish poll

By William Dullforce

STOCKHOLM, Nov. 6.

THE FIRST opinion poll to be published after the change of regime in Sweden shows a significant increase in support for the small Liberal Party, which now forms the minority Government. It also represents a setback for the opposition Social Democrats, who opened the way for Mr. Ola Ullsten, the Liberal leader, to become Prime Minister by abstaining from voting against him in Parliament.

The Liberals have climbed 3 per cent in public esteem to 14 per cent, their highest rating since 1972.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

French lorry drivers strike as seamen's dispute ends

BY DAVID WHITE

PARIS, Nov. 6.

STRIKING FRENCH seamen and train drivers went back to work today, but the relay baton in the recent series of transport stoppages was taken up by lorry drivers, who began a protest movement for better hours and conditions by blocking main roads with their vehicles.

French sea ports struggled back to normal following an armistice in the three-week-old dispute over the hiring of Asian labour at cheaper rates than the minimum offered to French mercant seamen.

The provisional truce lifts for the time being any threat of refineries running short of crude oil or of industrial workers being laid off because of raw material shortages.

Extra services today were being run to Corsica, which has been virtually cut off from the French mainland. Channel services from Dunkirk have been restored, but the main road to Dunkirk was immediately blocked by the lorry drivers.

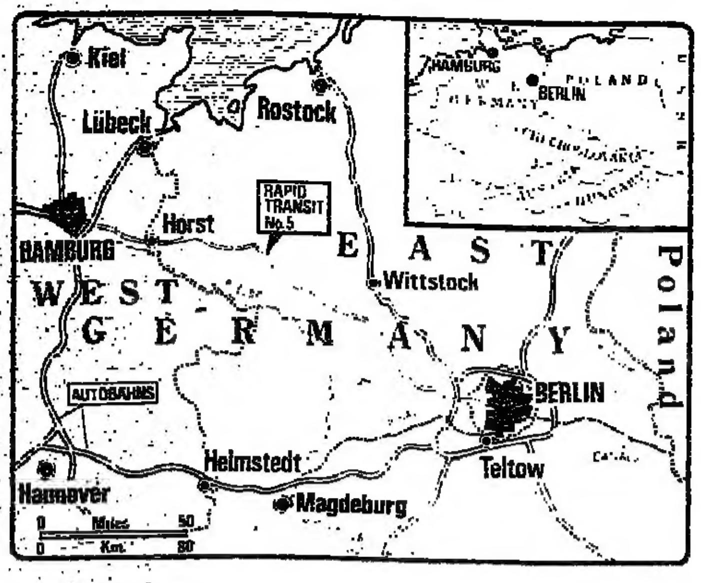
In the seamen's dispute, the Government, shipping companies and unions have given themselves until Friday week to come up with a solution. They agreed at the weekend to set up two working parties. One will deal specifically with the problems of the Nouvelle Compagnie des Paquebots, the line which opted for cheaper labour to ease the running costs of its cruise liners. The other will review on a national level the employment code relating to French flag vessels.

EUROPEAN NEWS

BERLIN-HAMBURG ROAD LINK

Cross-country tie-up

BY LESLIE COLITT IN BERLIN



EAST AND West Germany are on the verge of agreement to build the first new autobahn connecting Berlin and West Germany since the end of the Second World War.

The motorway is to link West Berlin and Hamburg across a 125-mile stretch of East Germany, making it the fourth autobahn between West Germany and Berlin. At its closest to West Germany, at Helmstedt, West Berlin lies 110 miles inside the German Democratic Republic.

From Horst, at the border to West Germany where the East German section of the new autobahn will end, it is only 12 miles to the city limits of Hamburg.

The entire trip from West Berlin to Hamburg is expected to take about two hours, compared with the four hours now endured on the rapid transit road No. 5 that winds its way through scores of East German towns and villages to the border.

The new highway, which is to be started in 1980, would have been unthinkable before the 1971 four-power agreement on Berlin when the Soviet Union, for the first time, acknowledged West Berlin's manifold ties with West Germany.

The four-power accord is at the heart of this largest package to date of improvements for West Berlin being negotiated by West Germany's Permanent Representative in East Germany, Herr Guenter Gaus and the East German Government.

East Germany has just opened a new stretch of autobahn from East Berlin to Rostock in the north and the autobahn to Hamburg is to branch off from the Berlin-Rostock highway at the town of Wittstock.

West Germany is expected to pay some DM 1.2bn for the 75-mile stretch of autobahn that is to include a new access road from the northern part of West Berlin to the Berlin autobahn ring. East Germany is to contribute 200m marks and will build the road.

The gain for West Berlin, according to Herr Dietrich Stobbe, its governing mayor, is "not just getting another autobahn, but rather in developing Berlin's ties" with West Germany.

The considerable expense for West Germany is seen as justifiable, political reasons aside, as the autobahn will reduce the travelling time between West Germany's two largest cities, West Berlin and Hamburg.

Goods traffic between the two cities is largely carried over the Helmstedt-Berlin autobahn as trucks have steered away from the circuitous transit road No. 5.

The highway to Helmstedt itself is in the final stages of renewal by East Germany after Bonn paid DM 259m plus an annual road toll fee of DM 400m.

West Germany has insisted that the autobahn to Hamburg be included under the four-power transit arrangement agreed in 1971 and this is to be the subject of a special exchange of letters between the two Germanys which must be approved by the Western allies.

Travellers on the motorway, just as those on the other autobahns, will not be subject to controls or searches except if East German officials have adequate grounds to believe they have violated the transit regulations.

The fact that East and West German negotiators are instrumental in taking action under the four-power framework marks a subtle change in emphasis. Now it is they who are designating a new transit route and agreeing that it is to come under the four-power arrangement. They have also decided that the old transit route will be returned to the status of an ordinary East German road.

The Western allies have been kept informed at every stage of the negotiations by the West Germans as they are the ones who must put their seal of approval on the arrangement. There appears little doubt about this and the deal could be signed by East and West Germany in the very near future. Herr Gaus said after a recent meeting with Herr Kurt Nier, East Germany's Deputy Foreign Minister, that only a "few questions remain open."

The new road is not only important for Berlin and the two Germanys, but will also speed lorry travel between Hamburg and Czechoslovakia and Hungary which transact a considerable amount of their overseas trade through the port of Hamburg.

Another key element in the arrangement is the re-opening of the Teltow Canal which runs through West Berlin and is part of the waterway connecting the Elbe and Oder rivers.

A section of the canal passing through West Berlin was sealed off after the building of the Berlin Wall in 1961 and barges from West Germany, bound for docks in the southern part of West Berlin have to make a 30-mile detour of two days through East Berlin.

The reopening and repair of the canal is expected to cost West Germany about DM 70m.

East Germany is also to dredge and widen the waterway between West Berlin and West Germany which carried 3.5m tonnes of the 14.6m tonnes of goods transported last year between West Berlin and West Germany.

Goods traffic on the waterway between West Berlin and West Germany has risen sharply, in part because of difficulties the East German railways have in providing adequate rail transport for West Berlin. The reopened Teltow Canal is also to be included in the four-power transit agreement, thus ending the existing controls of barges and their personnel.

The two neighbouring German states are also expected to announce that a missing East German link in the autobahn built before the war is to be connected between Bad Hersfeld in West Germany and Eisenach in East Germany with a modern border control point on the East German side at Wartha. The cost of this project is DM 50m.

One more element in the package is the expected improvement in non-commercial payments between East and West Germany. West Germans have been unable to receive payments from their blocked accounts in East Germany because the annual limit set by East Germany has been exhausted. Now, the amount is to be raised by several hundred million marks.

Dublin wins French backing over EMS

BY STUART DALBY

DUBLIN, Nov. 6.

FRANCE HAS agreed in principle to the transfer of EEC resources to Ireland to tide it over a period of transitional membership of the European Monetary System (EMS). This emerged today following talks here between M. René Monory, the French Finance Minister, and Dr. George Colley, his Irish counterpart.

While Dr. Colley said he was very pleased by France's "positive response" to Ireland's request for credits if the latter joins the EMS, neither he nor M. Monory would confirm that they had reached agreement on the amount nor how it would be assembled.

Ireland has asked the EEC for £650m, over and above what it receives from the regional and social funds, as the amount it would need to make the transition to the new monetary system. The money would be used for infrastructure projects, like roads and telecommunications, as well as balance of payments aid.

Dublin has not yet discussed the question of a wider margin for its currency, as has Italy. This issue is expected to come up in the course of the next few days, as Dr. Colley continues his talks with European governments. M. Monory's visit was the first of these contacts. On Thursday, Dr. Colley flies to Bonn for talks about the EMS.

The Irish Minister has been at pains to deny reports that West Germany has offered Ireland an interest-free loan of more than £650m in return for joining the EMS.

OVERSEAS NEWS

THE UNITED ARAB EMIRATES

A central bank thirsty for money

BY KATHLEEN BISHTAWI IN DUBAI

JUST 16 months after a banking crisis rocked the economy of the United Arab Emirates, the Currency Board, which functions as the monetary authority and is intended to become a central bank, has issued a bulletin of statistics which show that it is being starved of foreign currency.

This is despite the fact that this oil rich federation of sheikhdoms is expected to earn about $7bn this year.

The two major oil producers in the Federation, Abu Dhabi and Dubai, have always preferred to channel their petrodollars through their own emirates' national banks. A number of the rulers fear that to route their income through the central monetary authority will mean forfeiting economic control over their own emirates and their incomes.

Now the inflow of dollars into the Currency Board has dwindled so much that officials and bankers alike are beginning to wonder whether the board has the technical and financial means to exercise any monetary policy at all.

The statistics show that during the months of February, April and May this year, not one of the seven sheikhdoms or the federal government made any foreign currency deposits with the board. Net deposits by the government have gone down from a November, 1977, total of $789m to only $5.8m in May this year.

During the last 14 months, the balance sheet of the currency board has been cut by 50 per cent from the $3bn in March, 1977, to $1.58bn in May, 1978.

On the assets side, foreign exchange and gold holdings have declined from $1.93bn in March last year to $700m by the end of the first five months of this year.

Currency Board officials say that there is no reason to fear for the strength of the UAE dirham, as long as realistic lending policies are followed. Coverage for the dirham well exceeds the 70 per cent legal minimum, said an official.

The board's officials are in continuous negotiations with the two major oil producing emirates about the supply of foreign currency. The board wants them to route between 20 and 25 per cent of their dollars from oil through the board. In this way, the board's reserves of foreign currency would be built up.

The Board is also looking for sizeable deposits from the Emirate governments. "It is accepted around the world by governments that they must deposit a certain amount of their revenues with their central banking institutions," the Board says.

Pressure is now building up on all the emirates to support the Board, though it is Dubai that has become the focus of the Board's attention. The Emirate is the trading centre of the UAE, and as such has a great hunger for dollars to finance its commerce. In the second half of August, for example, the currency Board supplied Dubai with $180m compared with $59m for Abu Dhabi, and $10m for the other emirates.

Earlier this month, the Currency Board was reported to have asked Dubai to provide it with dollars in the same ratio as its trading. Total UAE imports amounted to $4.73bn last year, and Dubai's share is estimated at $3.15bn. The Abu Dhabi government then demanded that Dubai supply $260m a month to the board.

Dubai rejected such reasoning, and Abu Dhabi's demand was later dropped, though it is believed to be a starting point in the negotiations. One prominent Dubai banker alone said that he had sold more than $700m to the Board so far this year. As a high-ranking Dubai official pointed out, whatever dollars Dubai acquired from the Board, they were not loans, but paid for. "As long as we pay for them, why does the Board complain?" he asked.

Dubai's approach to the problem is symptomatic of its tradition of commercialism and political independence. Bankers who handle the large government revenues point out that it is illogical for them to route their government deposits through the Board when on dirham deposits the Board only pays 2.5 per cent interest. "I can get 8 per cent with any bank around town," commented one.

Another dissatisfaction lies with the Board itself. Since a Bahraini national, Mr. Abdul Malik el-Hamr took over last year as managing director, the Currency Board's policies have been effectively decided by him and his executives with the help of an adviser seconded from the IMF, Dr. Denis Farmen. Dubai feels however that the old Board of directors should be resurrected so that policy decisions are made with the interests of all emirates at heart. Officials in Dubai believe that the executives should only carry out policy, not make it.

Dubai says that the problems of the Currency Board are not to do with the supply of foreign currency, but with the enormous loans which were extended by the Board during 1976-77. The loans, which are listed as term loans on the Currency Board's balance sheet, amount to $720m. Part of this amount includes money loaned to a number of banks during the managing directorship of Mr. Ronald Scott. In the words of the Board's last annual report, the interest rates, terms and repayment schedules of these loans were "not precise, nor adequately appraised." Dubai feels that it is these credits to the emirates that are the core of the Currency Board's problems, and that Abu Dhabi should now cover them, to ease the Board's position.

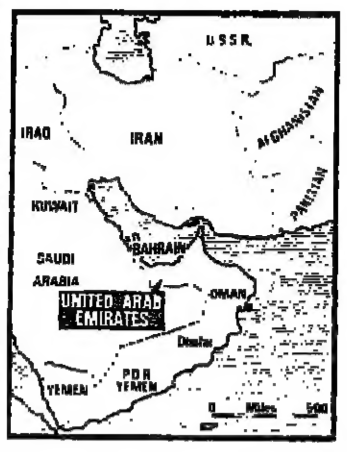
The emirate also points out that not only does Dubai bring in hard currency into the UAE through its oil income and trading, but its extensive Eurodollar loans have also contributed to the supply of dollars into the country generally. These borrowed Eurodollars were also being put to work, paying for large projects, and generally promoting commercial activity in the northern emirates.

The whole subject of foreign currency supply to the Board is now under negotiation. Dubai Government officials maintain that the emirate is ready to route all the oil money through the Board if the Board feels it would help. Banking sources say that the discussions, which are being conducted with the Dubai ruler, Shekh Rashid, direct, are proceeding "amicably."

In Abu Dhabi however, the competition for a slice of the emirate's $6bn projected oil income for this year, can be expected to be fierce. A large measure of the income is channelled through the National Bank of Abu Dhabi, whose $3bn balance sheet has enabled it to become heavily involved in the Eurodollar market. There are also the needs of the Abu Dhabi Investment Authority and other specialised funds to be looked after.

Although coverage for the dirham is more than adequate, the nearness and activity of Bahrain's offshore banking centre will undoubtedly be watched closely by UAE officials. The successful outcome of the talks with the emirates is therefore vital for the continuing stability of the currency.

It is also vital for the Board itself, for these recent developments do not bode well for its hopes of becoming a central bank. A successful conclusion to the talks is necessary also for the still shaky, but growing confidence UAE bankers and business circles have in the nation's economy.



*

The inflow of dollars into the Currency Board has dwindled so much that bankers are beginning to wonder whether the Board has the means to exercise any monetary policy at all.

*

China 'backs Cambodia'

BANGKOK, Nov. 6.

CHINESE Communist Party Vice-Chairman Wang Tung-Hsing has pledged Peking's support for Camboda in its border war with Vietnam, Phnom Penh Radio reported.

Speaking just two days after Vietnam and the Soviet Union signed a Friendship and Co-operation treaty in Moscow, Mr. Wang said at a banquet last night: "The Chinese Government and people resolutely support the Kampuchean (Cambodian) people's just struggle in defence of their independence."

The Soviet-Vietnamese treaty included a provision for consultations and "appropriate measures" in the event of either being attacked, a clause diplomatic sources said they regarded aimed at China. The Cambodian Premier, Mr. Pol Pot repeated charges that Vietnam was planning a major attack in the dry season, due to start soon. Hanoi has denied the charges.

Reuter

OVERSEAS NEWS

S. African inquiry starts work

By Quentin Peel

JOHANNESBURG, Nov. 6.

A Judicial Commission of Inquiry into alleged corruption and misappropriation of funds in South Africa's former Department of Information began work today.

The three-man Commission has a month in which to draw up a report on the Department's activities before a special session of Parliament summoned for December 7. It is not known whether any of the hearings will be in public.

Judge Rudolf Erasmus, the Supreme Court Judge from the Orange Free State, who has been chosen by Mr. P. W. Botha, the Prime Minister, to head the inquiry, said his report would be submitted to the Cabinet, which would decide what to do with it.

The Judge said it was most unlikely that Dr. Connie Mulder, former Minister of Information, would be called to give evidence. The first task of the Commission was to examine all the evidence on the Department's activities given to previous inquiries, including internal investigations carried out by officials from the secret service Bureau for State Security (BOSS), and the Commission into foreign Exchange Contraventions, headed by Judge Anton Mostert.

Meanwhile several people associated with the scandal have received threats of violence. They include Mr. Koos Waldeck, former administrative director of the Information Department who first called in the parliamentary Auditor-General to investigate accounting irregularities, and Mr. Kilt Katzin, a Sunday Express journalist who played a big part in exposing its secret activities. The Citizen—the newspaper allegedly established with state funds—has received a bomb threat.

Meanwhile, police were called today to control 2,000 angry women who were throwing stones at the factory gates of Eveready, South Africa, the Port Elizabeth-based British subsidiary. Two hundred coloured (mixed race) workers are on strike in support of a demand for a minimum wage of 80 cents (47 pence) an hour, compared with the present rate of between 55-59 cents (32-35 pence).

The company has sacked the strikers and taken on new staff to replace them. Today's disturbances were caused by a crowd of of job-seekers who refused to leave when they were told that all vacancies had been filled.

Martin Dickson writes: Britain is consulting Canada, the U.S. and Antigua over allegations in the BBC television programme, Panorama, that arms produced in North America were shipped to South Africa last year by way of Antigua, for whose foreign affairs Britain is responsible.

Weizman returns to Washington to conclude treaty

BY DAVID LENNON

TEL AVIV, Nov. 6.

MR. EZER WEIZMAN, the Israeli Defence Minister, will return to Washington tomorrow with clear instructions from the Cabinet to conclude the peace negotiations with Egypt.

The Cabinet today ended two days of discussions about the report which Mr. Weizman brought with him from Washington. The bulk of his report and the subsequent Cabinet debate concerned the security arrangements in Sinai following Israel's withdrawal.

After today's 5½-hour meeting, Prof. Yigael Yadin, the Deputy Prime Minister, said that the Government took decisions on the military annex to the peace treaty.

It is understood that agreement had been reached between the negotiating teams in Washington on the military issue and Mr. Weizman had been seeking Government approval for the terms.

Prof. Yadin said Mr. Weizman had been instructed to conclude the negotiations on this subject, and the Israeli delegation had been told to continue with the discussions on the still unresolved political issues.

The Cabinet would not reveal details of the political problems still awaiting resolution. However, it is understood that the linkage between the Egypt-Israel pact and negotiations on the West Bank-Palestinian issue is still causing some concern in Jerusalem.

Meanwhile, the ruling Likud block is hoping to make sweeping gains in nationwide local elections tomorrow and to break the Labour Party's 30-year dominance of local administration.

The Likud block, led by Mr. Menahem Begin, the Prime Minister, won a surprise victory in the general election 18 months ago after languishing in opposition for nearly three decades.

The local elections have roused little interest among the more than 2m eligible voters, who are more concerned about the peace negotiations with Egypt.

Reuter reports from Cairo: The Arab League will hold no further meetings in Cairo "until Egypt returns to the Arab camp," the secretary-general of the 22-member organisation said on Monday.

Mr. Mahmoud Riad, who was speaking to reporters on his return here from the anti-Egyptian Arab summit in Baghdad, said future meetings of the League, which has its headquarters in Cairo, would be held in other Arab capitals.

Mr. Riad said that once Egypt and Israel had signed a peace treaty Arab Foreign Ministers would meet in Baghdad to discuss the removal of the League headquarters from Cairo. "It would not be logical to keep the headquarters in Egypt where there will be an Israeli Embassy."

Australia borrowing move

BY LAURIE OAKES

CANBERRA, Nov. 6.

THE GOVERNMENTS of Australia's six states today gained approval to borrow A$1,767m (£1,000m) over the next eight years to finance infrastructural works for 12 major development projects. Until now, borrowings have had to be made by the federal Government.

Mr. Malcolm Fraser, the Prime Minister, said tonight that most of the A$158m required in the 1978-79 financial year under the new loan scheme would be borrowed overseas.

Mr. Fraser denied that the federal Government's failure to veto the new borrowing scheme at today's Loan Council meeting in Melbourne signified a change in his economic policies.

But he emphasised that the projects to be assisted would create jobs as well as helping the balance of payments and adding to exports. All had special significance for development, he said.

The borrowing approvals under the infrastructure financing scheme accepted by the Loan Council included:

- A$186m for a power station, pipelines and other work associated with a proposed petrochemical complex plant at Redcliffe in South Australia, which would use liquid hydrocarbons from the Cooper Basin as feedstock;
- A$416m for a 1,500 km pipeline to bring north-west shelf natural gas from Dampier to Perth;
- A$89m for new coal loading and stockpiling facilities in Sydney and A$75m for facilities associated with coal exporting at Hay Point, Queensland;
- A$41m to provide railway and water supply facilities for the Worsley Alumina project in West Australia; and
- A$343m for a power station complex and brown coal open cut mining project in the La Trobe Valley in Victoria.

Ethiopians prepare new Eritrea attack

BY DAN CONNELL, RECENTLY NEAR ASMARA

ETHIOPIA is marshalling forces to renew its offensive against guerrillas of the Eritrean Popular Liberation Front, from whose trenches the main Ethiopian army base in Asmara is clearly visible.

According to Western intelligence, Ethiopia's 10th Division was airlifted last week from the Ogaden region in the South to the port of Massawa and six brigades were moved from positions north of Asmara to the town of Decamhare to the south. It is thought that the Ethiopians will attempt to open the mountain road linking Asmara with Massawa.

Large quantities of napalm bombs and chemical defoliants are being stockpiled, according to the intelligence reports.

Ethiopia began its counter-offensive in June, winning major successes against the Eritrean Liberation Front (ELF) in western Eritrea. Although the Ethiopians also dislodged the Eritrean Popular Liberation Front from some of its positions in the eastern part of the province, guerrillas of this group halted the Ethiopian advance late in August.

Defeats suffered by the ELF have effectively narrowed the field to a contest between the Ethiopian and the EPLF who now confront each other outside Massawa, Decamhare, Asmara and Agordat. Eritrean morale appears high.

It is believed that Ethiopia's offensive capacity has been seriously weakened and that, barring large-scale introductions of Cuban troops, it will be difficult for Ethiopia to regain the initiative.

AMERICAN NEWS

Testing time for the Republicans

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 6.

THE PUNDITS all agree that tomorrow's midterm elections will prove two things: that the mood of the country is, on economic matters, both conservative and selfish, and that the voters are still disaffected with politicians, and will therefore stay home in droves. Whatever other conclusions will be drawn 48 hours from now will depend largely on the minority which casts ballots.

The midterms are most important for the Republican Party, which now holds only 38 of the 100 Senate seats, 146 of 435 seats in the House, and only 12 of the 50 state governorships. Unless the party makes sizeable gains this year and builds on that success two years from now, it will be in a parlous position when the congressional districts are re-apportioned after the 1980 national census. Then, the majority party will engage in the time-honoured practice of gerrymandering and if the Republican base is still small, it may be diminished even further.

President Carter also has a certain amount of prestige staked on tomorrow's vote, in that a major setback for the Democrats will be widely interpreted as adversely reflecting on his leadership. Few experts, however think this will happen. Much more is at stake for the Democrats and Republicans with Presidential ambitions. They will need good wins to keep their hopes alive.

In many states, there will also be referenda on many social and economic issues. California inevitably, tops the list. Having spawned the taxpayers' revolt this summer, with the vote on Proposition 13, the state will be voting on whether to allow smoking in many public places and on a motion which constitutes a threat to the employment of homosexuals as schoolteachers. In 16 other states, there will be ballots on proposals either to cut property taxes or to curb local spending or both. The most significant of these are in Michigan, Oregon, Idaho and Nevada. Countless districts, counties and municipalities will also be voting on similar propositions. This year, it will be hard for any politician to run successfully against this trend, and even Liberals have been compelled to follow it.

US MID-TERM ELECTIONS

Many Democrats have so espoused classically Republican conservative issues as to pose considerable threats to the political existence of the moderate Republican. This is particularly true in Illinois, where the conservative Democrat Alex Seith has waged an unscrupulous campaign against Sen. Charles Percy; in Minnesota, where Robert Short is well to the right of David Durenberger in the race for Hubert Humphrey's old seat; and in the Massachusetts governor's race, between Democrat Edward J. King and Republican Francis Hatch.

Other moderate Republicans in difficult races are Edward Brooke, in Massachusetts, Robert Griffin, in Michigan, and conceivably, Senate minority leader Howard Baker, in Tennessee. He needs a comfortable victory to enhance a national reputation. In Texas, the incumbent, Sen. John Tower, is in a desperately close and indisputably dirty fight with Democratic Congressman Bob Krueger.

Death and retirement have led to an unusual number of open contests in both the Senate and the House. There seems to be a good chance of the Republicans capitalising on this in the South, by picking up Senate seats in Mississippi (Sen. James Eastland has retired) and Alabama. Two southern Republican stalwarts, Jessee Helms and Strom Thurmond in North and South Carolina respectively, appear to be beating back strong Democratic challenges.

Liberal Democrats appear to be in better condition than the mood of the times might suggest. Dick Clark is still holding a 10-point lead in Iowa, Congressman Morris Udall is expecting to be returned in Arizona, and David Pryor should easily make the switch from Governor to Senator in Arkansas. Senator Floyd Haskell of Colorado, however, is thought to be in considerable trouble, as is noted Congressman Abner Mikva in Illinois.

Both Democrat Jerry Brown and Republican Jim Thompson, from California and Illinois respectively, are being allowed easy victories in their gubernatorial re-election races, and both will therefore be considered national figures. Hugh Carey, the New York Governor, has waged an uphill fight against Republican Perry Duryea, and may now have a slight edge. The Pennsylvania Governor's race, between former Pittsburgh Mayor Pete Flaherty, the Democrat, and Richard Thornburgh, is very close. In the same state, the nation's most notorious Mayor, Frank Rizzo, has proposed revising the city charter to allow himself to run for a third term next year. Of such effrontery are dynasties made.

Intriguing newcomers on the national scene will include the winner in the New Jersey Senate race, either Democrat Bill Bradley, the favourite, or Conservative Jeffrey Bell, possibly Larry William, a Republican from Montana, whose past financial activities have included problems with the Securities and Exchange Commission, Bill Clinton and Forrest James, probable new young Governors of Arkansas and Alabama, and John Warner, the Republican from Virginia, whose own abilities may be in doubt but whose marriage to Elizabeth Taylor, the actress, adds a certain spice.

Overall, the best Republican chances for gains in the Senate appear to lie in Colorado, Alabama, Mississippi, Minnesota (either the Short-Durenberger race or that between incumbent Sen. Wendell Anderson and Rudy Boschwitz), Maine (over incumbent Sen. William Hathaway), and West Virginia (where Arch Moore may oust Jennings Randolph). But the Republicans could lose New Jersey, Kansas, Michigan, Texas, Illinois, and Oklahoma to Democratic Senate candidates.

This would result in virtually no net change.

There will be inevitable claims from the Republican Party, if their gains are only small, that the ideological composition of Congress has shifted to the right. That may be true—although politicians are quite capable of saying one thing to get elected and another when comfortably ensconced. This is something which the more flexible Democratic Party has long understood far better than its opposition.

Carey runs well in New York

By John Wyles in New York

FLESHY and lugubrious, 59-year-old Hugh Carey bears a marked resemblance to the late, great British comedian, Tony Hancock. Like Hancock he is known to alternate between dark and moody abrasivenesss and witty bonhomie. Yet many who know him say they dislike him which makes him a curious candidate to be running for a second term as Governor of New York.

Mario Cuomo, who is Carey's running mate for the post of lieutenant-governor, is said to have summed up the Carey enigma succinctly at a "fat cat" fund raising dinner a few weeks ago. According to someone who was there, Cuomo filled in for Carey's predictably late arrival with a pitch for funds which acknowledged that the governor's personality would win no prizes for popularity. But he added that although the Irish Democrat from Brooklyn was difficult to work with and sometimes hard to fathom, he Mario Cuomo, after observing the governor at close quarters during the last four years as New York's secretary of state, was convinced of the governor's excellent qualities which more than merited a second term.

Cuomo was trying to confront an issue which was first given life by Mary Ann Krupsak who will be Carey's lieutenant governor until January 1. Miss Krupsak caused much muttering of oaths in the Carey camp back in June when one hour after the governor had announced he was running for re-election she declared that she would challenge him for the Democratic nomination because he was too aloof and distant from the concerns of ordinary people and only intermittently interested in the affairs of New York.

Her charegs appeared to substantiate the views of Carey's critics and of his Republican opponent, Perry Duryea, that he had been an invisible governor for the previous three-and-a-half years. Although Carey was not too invisible to be listed by many people as a potential Democratic presidential candidate in 1976, the accusations derived more from his detached public manner and lack of close confidants. But dislike, among other things in Carey's olympian style gave 242,000 votes to Mary Ann Krupsak's ticket in the September primary which was 129,000 short of Carey's winning total but enough to encourage Long Island lobster wholesaler and state assembly minority leader Duryea to believe that the governor's personality would be a promising line of attack.

But like a latter day Muhammed Ali, Carey has stood back on the ropes and appears to be carrying remarkably few bruises into election day. When the campaign started in earnest in the middle of September he was trailing Duryea by about 8 per cent in the few polls available in the strike enforced absence of the New York Times and the Daily News. Today they appear to be neck and neck and the smart money, as they say, is on Carey to snatch another four years in the governor's mansion in Albany. Few people can fully account for this confidence for, notwithstanding his victory in 1974, a second Carey victory will be running against the New York's postwar political tides.

U.S. COMPANY NEWS

Iowa Beef approves Pacific Holding bid; Price rise will boost Mobil profit; U.S. car sales—Page 29.

Pan Am plans $99 fare from coast-to-coast

By Stewart Fleming

NEW YORK, Nov. 6

PAN AMERICAN, the leading U.S. international airline, is to introduce a $99 return fare from New York to Los Angeles and back to promote its new weekly service to the West Coast.

The fare compares favourably with the scheduled service return fare of $420.38 and, as a Pan Am spokesman agreed, is cheaper than walking.

The latest move in the sharpening competition in the U.S. airline industry followed an earlier announcement today by Trans-International Airlines, the largest charter carrier in the U.S.

Trans-International disclosed that it is to offer a new cut price fare of $99 one-way between New York and Los Angeles on a weekly flight starting on December 14.

The company described its plan as the first low-cost coast-to-coast service without stringent passenger restrictions. The company's move is evidence of charter carriers beginning to offer scheduled services and reflects the build-up of competitive pressures. As the trend towards deregulating the airline industry gathers pace last month President Carter passed into law an airline deregulation Bill.

Under the Trans-International plan, customers on it will be able to make firm seat reservations on the company's DC-10 jets at any time prior to their departure. They will be able to purchase one-way or round trip tickets and there will be no minimum or maximum stay requirements

Canada raises discount rate again

BY W. L. LUETKENS

MONTREAL, Nov. 6.

its discount rate for the sixth time this year, bringing it from 7.5 per cent in January to a record 10.75 per cent.

The decision, announced on Sunday by Mr. Gerald Bouey, the Governor, was a reaction to last week's increase in U.S. rates as part of President Carter's programme to help the U.S. dollar.

Canada traditionally depends on capital imports to balance its external payments. As a result, therefore, it keeps its interest rates above those in the U.S., but the latest U.S. increases have almost whittled away the margin.

The increase comes at a bad time for the Canadian domestic economy. The economy has been growing at 3½ to 4 per cent this year, a respectable rate, but not fast enough for unemployment to drop below 8 per cent.

Growth is likely to fall off slightly next year, unless corporate investment moves out of the doldrums where it has been for several years. The devaluation of the Canadian dollar by some 15 U.S. cents in the past two years has boosted Canadian exports and has made a case for more investment. The rise of interest rates, as well as the danger of a slow-down in the U.S., may have seriously weakened that case.

Visible trade has been doing well in 1978, but heavy deficits on the travel account and for capital service are going to produce a current account deficit this year of more than C$4bn. Next year it is expected to be higher, partly as the result of lessening U.S. demand for Canadian exports.

Mr. Jean Chretien, Canada's Finance Minister, plans to introduce a revised budget before the end of the year. It is expected to contain limited tax cuts, as a stimulus to the economy. The increase in interest rates will complicate his task.

New York newspapers return

BY JOHN WYLES

NEW YORK, Nov. 6.

THE NEW YORK TIMES and the Daily News returned to the news stands today. Their 88-day absence, which cost more than $100m in lost revenue, ended after a scramble of union ratification meetings.

Although the pressmen's strike which halted publication on August 9 was tentatively settled last Wednesday, agreements needed with several other unions delayed the newspapers' return. Even on Saturday, the Times seemed threatened by a strike call from the Newspaper Guild, representing journalists and commercial employees but, under pressure from other printing unions, the Guild allowed preparation for today's newspaper to go ahead before it submitted management's proposals to a members' meeting last night.

The pressmen's strike was much longer and more costly than anyone had foreseen. Newspaper managements claim they have secured broadly what they aimed for, in terms of a reduction in pressroom manning and changes in overtime arrangements which will make them more competitive with suburban newspapers. But these rivals, on Long Island, in Westchester County, and in New Jersey, have gained considerably from the strike in advertising and circulation. Only time will tell whether the two newspapers have suffered a permanent damage. Time should also reveal how much Mr. Rupert Murdoch has gained for his afternoon newspaper, the New York Post, by making his own agreement with the pressmen to allow him to resume publication when the strike was 57 days old.

The first post-strike edition of the New York Times underlined the seriousness with which the newspaper views its reputation as a journal of record. It included ten pages recapping not only the main news events since August 9, but also reviews of drama, films, and music which would otherwise have appeared. The newspaper also announced it would be launching new regular sections from next week: a daily metropolitan report, on news of New York, New Jersey, and Connecticut; and the weekly section, Science World.

THE CRISIS IN IRAN

Khomeini adamant on overthrow of the monarchy

BY DAVID WHITE

PARIS, Nov. 6.

AYATOLLAH KHOMEINI, exiled leader of Iran's Shi'ite Moslems, today renewed his call for the monarchy to be overthrown and repudiated the new military Government formed by the Shah.

The 80-year spiritual head of Iran's state religion, who moved to Paris last month after being expelled from Iaq, said it was essential for the monarchy to be abolished to be replaced by an Islamic republic.

Earlier, in a newspaper interview, he made it clear that he would pursue his struggle even if the Shah abdicated in favour of his son. "I am certain the people are not in favour of the regime; survival," he said.

Ayatollah Khomeini's presence in Fance could pose a problem for the French Government, which admitted him in October on a three-month basis. His status in France, which is not that of a political refugee, will have to be reviewed if he is still here in January.

The French Foreign Ministry said it had so far received no request or complaint from the Iranian authorities about the Ayatollah's repeated calls to his followers in Iran to take up arms.

A statement issued here yesterday by Dr. Karim Sanjabi, leader of the opposition National Front Party, also rejected the monarchical system. Dr. Sanjabi is expected to meet Ayatollah Khomeini tomorrow. He was due to return to Tehran later in the day but is now expected to prolong his visit to France.

Our Tokyo correspondent reports: Mr. James Schlesinger, U.S. Energy Secretary, said here today that protracted reduction of Iran's oil production could throw the world into chaos similar to the oil crisis of 1973.

Mr. Toshio Komoto, Japan's Minister of International Trade and Industry, is reported to have been told by Mr. Schlesinger that if the cut in output continued until the general meeting of members of the Organisation of Petroleum Exporting Countries on December 15, OPEC's decision on oil prices could be affected seriously.

Mr. Komoto said Mr. Schlesinger, who arrived from China yesterday, told him that Iranian oil production had dropped from six to 4m barrels a day as a result of the violence. Continuation of the cuts would disrupt world oil supplies irrespective of OPEC action on prices.

Japan's oil supplies could be reduced by up to 8 per cent during the fourth quarter of 1978 as a result of the Iranian strikes, according to unofficial forecasts. This would be about half the oil normally imported from Iran, estimated at 17 per cent of total imports under normal conditions.

British Petroleum, which supplies about 8 per cent of Japan's oil imports, notified the authorities last week of a 25 per cent cut in fourth quarter shipments (about 2 per cent of total imports). Other supplies are said to be planning similar notices, but probably of lesser amounts.

In meetings with Mr. Takeo Fukuda, the Prime Minister, and Mr. Tasaburo Kumagai, director of the Science and Technology Agency, Mr. Schlesinger discussed proposed U.S.-Japan co-operation on atomic energy and other energy-related matters.

Armed troops chase demonstrators calling for the Shah's downfall in Tehran

Cautious support for Shah from U.S.

BY JUREK MARTIN

WASHINGTON, Nov. 6.

THE UNITED STATES today expressed understanding of and cautious support for the Shah's recourse to military government but remained clearly concerned about recent events in Iran.

Jill Schuker, of the State Department, put the official position today when she said that the U.S. supported the Shah in his decision to turn to the military "when it became apparent that another civilian government could not be formed to restore the public order essential in moving towards free elections."

She noted that the Shah had tried to persuade leaders of the opposition to enter into a coalition regime, but had been rebuffed. She also pointed to the Shah's promise to end military rule once disorder had been contained and to hold elections next year as planned.

As a further indication of U.S. confidence, the department reported to-day that its officers in Iran had reported the situation much calmer to-day than over the weekend and was advising the 40,000 plus Americans now in Iran to return to work tomorrow. They had been recommended to stay indoors over the last couple of days.

But the official protestations of support here cannot disguise the deepest unease inside the administration about the Shah's ability to remain in control of events. A special State Department working group was set up yesterday to monitor the situation, an unusual development in itself.

For the moment, the State Department seems to believe that the present difficulties are "manageable" and that the Shah himself is not "in jeopardy." Perhaps conscious of the ironies in being seen to back a military regime, the U.S. is also making it clear that it continues to support the cause of "liberalisation" in Iran—although there is a widespread view that the Shah's problems have been compounded by such modest reforms as he has made to date, especially in the adverse reaction to them from Muslim extremists.

The U.S. concern is more strategic than immediately practical, though the extent of U.S. investments in Iran and the supplies of Iranian oil to the U.S. are clearly in some danger.

The U.S. is painfully aware of the fact that Saudi Arabia, whom it has courted assiduously, would view with alarm the onset of a government in Iran over whom the Soviet Union could exert influence. This was communicated to President Carter when he lunched at the White House with King Khalid ten days ago.

At this stage the question of American military intervention is not being entertained, for all the obvious reasons. Moreover the U.S. would clearly not like to be put in the difficult dilemma of having to answer a plea from the Shah for additional military supplies.

Therefore, the hope still seems to be that the Shah will ride out his difficulties — and make additional concessions in the direction of constitutional-monarchical rule.

Philip Rawstorne adds: The British Government would continue its support for the Shah, Dr. David Owen, Foreign Secretary, told the Commons yesterday.

Despite protests from some Labour left-wingers, Dr. Owen said that Britain's immediate interest lay in ensuring stability in the area. "There is a danger of anarchic chaos," he added.

The Foreign Secretary made it clear, however, that the Government expected the Shah to hold free elections by June next year and to continue liberalisation and modernisation programmes.

Dr. Owen told MPs that the 10,000 British citizens in Iran were "at little risk" but had been advised to stay off the streets.

Replying to questions, the Foreign Secretary said that EEC members had discussed possible emergency arrangements to meet any serious disruption of oil supplies from Iran.

USSR criticises Tehran

By Leslie Collit

EAST BERLIN, Nov. 6.

THE SOVIET UNION has dropped its extreme caution in reporting on the violence in Iran, with the official Soviet news agency Tass describing a "sharp deterioration" in the situation there.

The Tass report, which was published in Pravda, the newspaper of the Soviet Communist Party, said the "bloody events" in Iran were a result of police brutality. The Soviet news report indicates a basic shift in Moscow's assessment of the Shah's position, although it still does not mention the Iranian ruler's name.

Until now, the mass media of the Soviet Union, East Germany, and other Communist countries have treated the riots in Iran with velvet gloves, burying the news deep inside their official newspapers.

The Kremlin's hesitation over publicly supporting the opponents of the pro-Western Shah has apparently stemmed from uneasiness about the consequencies of an unstable regime on its southern flank.

In Moscow, Western diplomats said the Soviet Union, which has strengthened its influence in the area following a pro-Moscow coup in Afghanistan, would probably prefer to maintain stable ties with the Shah rather than risk the danger of a Right-wing military regime emerging.

Today's Pravda report with its references to "bloody events" and sympathy for the demonstrators, may signal that the Kremlin is reassessing the Shah's chances of survival and preparing the ground for his possible downfall.

Worry for Mitsui over stake

TOKYO, Nov. 6.

MITSUI AND CO., and a small group of Japanese petrochemical companies, stand to lose more than perhaps any other foreign concern in Iran if the Shah loses his shaky hold on Government and an anti-foreign investment fever spreads.

Mitsui is the largest shareholder in a joint Iran-Japan venture building the huge petrochemical complex at Bandur Shahpur, 1,000 km south of Tehran. The 50-50 venture, Iran-Japan Petrochemical Company, is the largest of Iran's remaining ambitious joint development projects, costing about Y550bn ($2.92bn). The first stage of the complex will come on stream next summer, adding a 1.9m tons per year capacity LPG plant, followed by a 300,000 ton capacity olefin plant and a number of other petrochemical facilities.

They are designed to boost Iranian capacity to sell refined products instead of just crude. The project began ten years ago, but the Japanese investors are willing to admit that getting involved may have been a mistake.

The joint venture is made up of Mitsui, Mitsui Toatsu Chemicals, Mitsui Petrochemical, Toyo Soda and Japan Synthetic Rubber on Japan's side (Mitsui alone holds a 45 per cent share), and the National Petrochemical Company of Iran on the other.

Although Mitsui is clearly worried about possible developments in Iran, it is hard to determine just how much of a loss the Iranian complex would become in the worst of all possible cases, such as seizure.

The financing of the project involves a complex package of Government risk investment insurance in case of loss or cancellation of insurance on repayment of credits. Usually up to about 90 per cent of losses could be covered by such agreements.

Reuter

هكذا من الأصل

WORLD TRADE NEWS

Rise in new Japanese vehicles

TOKYO, Nov. 6.

JAPAN'S MOTOR vehicle registrations rose 1.4 per cent to 348,694 in October from 343,873 in September, the Automobile Dealers Association said. October registrations rose 13.9 per cent from 306,090 in October last year, it said. The October total comprised 234,938 cars, 111,948 trucks and 1,808 buses.

There were also 3,077 imported vehicles, mostly cars, down from 4,298 in September but up from 2,601 in October last year, it said.

Total registrations in the first 10 months of this year rose 11.8 per cent to 3.23m from 2.89m in the same 1977 period, the association said.

Reuter

Aid for Sudan

Britain has offered Sudan £15m in programme aid for balance of payments support. An agreement is expected to be signed next month. Among the details that remain to be settled is the question of linking the aid to the purchase of British capital goods, James Buxton writes. Sudan, which last year imported £87m worth of goods from Britain, has serious balance of payments problems.

Finnish imports

The Bank of Finland has shortened the list of imports which must be paid for in cash before they are cleared through customs. Hitherto this list comprised about one-third of the total value of imports. The revised list covers about 18 per cent of the total value of imports, Lance Keyworth writes from Helsinki.

Maltese textiles

VALLETTA, Nov. 6.

BRITAIN HAS invited Malta to send a minister or representative to London for talks on Britain's demand for import restrictions on Maltese textiles and clothing, a British High Commission spokesman said today.

He said Britain has postponed its deadline for the imposition of restrictions from tomorrow to next Thursday. The British stand on the issue has stunned this Mediterranean island's textile industry, which contributes nearly half of Malta's export revenue.

Reuter.

Bulk carrier

Worldwide Shipping, the group headed by Sir Yue-Kong Pao, has placed an order for a 37,000 dwt bulk carrier with Engenhavia E Maquinas of Brazil, our Shipping Correspondent writes. This is the first vessel ordered by Worldwide in Brazil and it takes the group's fleet to around 19m dwt. This represents a 2m dwt increase during this year, when the company has been extremely active in the secondhand ship market, buying oil tankers and combined ore-oil tankers.

Sharp fall in exports of UK farming equipment

BY LORNE BARLING

THE VALUE of British farm equipment exports fell sharply in the first nine months of this year and, in conjunction with higher imports, led to a 20 per cent reduction in the country's traditional trade surplus in the sector, according to figures released yesterday.

As a result of poor demand in most overseas markets, sales of tractors decreased by 17.1 per cent to £282.9m and major manufacturers such as Massey Ferguson and Ford see little chance of immediate improvement in sales.

Although exports of other agricultural machinery increased by 6.5 per cent during the nine months when compared with 1977 (to £132.1m) and engine exports by 10.2 per cent (to £63.7m), overall sales abroad were down by 10.2 per cent.

Imports during the period rose by 17.4 per cent to a value of £187.9m, with the inward shipment of engines rising in value by an alarming 61.5 per cent to £18.9m. However, the Agricultural Engineers Association, which released the figures, warned that the position on engines may be distorted by Customs classification.

Nevertheless it said that some manufacturers had recently changed their policies on engines and increasing numbers were being imported, particularly from West Germany.

The complete figures show that Britain's favourable balance of trade in agricultural equipment during the nine month period has been cut from £363.2m last year to £290.8m this year.

Releasing the details at a pre-Smithfield Show Press conference in London, Mr. John Colman, president of the AEA, said that the world market was suffering from a cut in capital expenditure, although this followed a period of unusually strong demand.

The position on tractors was serious, Mr. Colman said, but there was no evidence that the UK had lost any of its share of the world market for equipment in general.

"It is worth noting that our exports to the EEC continue to grow in volume and relative importance," he said. More than 55 per cent of total machinery exports were now bought by EEC countries.

Mr. Colman added that although overseas markets remained weak, he believed a turning point had been reached and expected a recovery in demand as long as world trade continued to expand.

Despite the fact that tractor manufacturers are far less optimistic, Massey-Ferguson, which has been very hard hit by the collapse of the 10,000 units-a-year Turkish market, is hopeful that economic aid to that country could lead to a resumption of buying before too long.

It has also received two orders from Sri Lanka this year for a total of 2,000 tractors valued at $12m.

Perkins invited to discuss co-operation

SINGAPORE, Nov. 6.

THE CHINESE Government has invited the British diesel engine manufacturers Perkins Engines, a subsidiary of Massey Ferguson, to hold talks with Chinese officials.

Group chairman and managing director Mr. Michael R. Hoffman said here, "there are a lot of Perkins engines in China. We already have a team gathering facts about these engines and evaluating the situation over there. I will be going to China at the end of this month with another official of the group."

Asked whether his group would set up a manufacturing facility or license the production of engines in China, Mr. Hoffman said, "I don't know what sort of arrangement they (the Chinese) want."

Perkins has already licensed two companies to manufacture automotive, industrial, marine and agricultural diesel engines in India and South Korea. It has also submitted a proposal to the Indonesian Government to set up diesel engine manufacturing plant in that country and a proposal to the board of investment in the Philippines to set up a manufacturing facility there.

Perkins, which had originally submitted a proposal to the economic development board to manufacture diesel engines in Singapore as an ASEAN industrial project, has "suspended discussions," Mr. Hoffman said. The original idea of making diesel engines in Singapore failed due to objections from Indonesia and the Philippines, also members of ASEAN, which want to expand manufacturing facilities in their own countries.

AP-DJ

Tokyo considers aid funds to finance Chinese power plants

BY RICHARD C. HANSON

TOKYO, Nov. 6.

THE JAPANESE Government is studying whether it can use the Governmental Overseas Economic Co-operation Fund (OECF) to extend funds to China for construction of hydroelectric power plants on the Yellow and the Yangtse Chiang rivers, international Trade and Industry Minister Mr. Toshio Komoto said over the weekend. China, which has so far declined to accept Governmental aid, "now" appears to be interested in OECF funds, he added.

"This is the first official mention of OECF financing for China. There are four ways possible to aid China financially, Mr. Komoto said.

- Export finance by the export import bank of Japan.
- Development loans from the Exim Bank.
- Advance deposits to be Bank of China by Japanese private banks.
- Use of OECF funds.

Japanese private banks are also known to be interested in future loan syndications to China, but considerable groundwork must be layed before these become a reality. Japanese private bankers are currently in China studying the practical problems of finance.

OECF aid reportedly also might be considered for building port and railway facilities in connection with a joint project to develop undersea oil resources in the Pohai Gulf. Chinese officials asked Mr. Komoto for Japanese help on the hydroelectric power plants when he made an official trip to China in September. A Japanese power industry group which visited China recently reported that the Chinese had made similar enquiries on power plants in various regions of China.

- The Export Finance and Insurance Corp (EFIC), an autonomous Australian government authority, has offered China a $50m line of credit to finance the purchase of Australian machinery. An EFIC spokesman said the Chinese are mainly keen on purchasing Australian agricultural equipment which has been on display at an international agricultural equipment exhibition in Peking.

Anthony Rowley adds from Hong Kong: Mr. Walter Wriston, chairman and chief executive officer of Citicorp and of its principal subsidiary Citibank, announced here that he is about to make an "official visit" to China to "re-establish business links." He also disclosed that a senior Citibank officer has been appointed as "our People's Republic of China co-ordinator" to be based in Hong Kong, in order to "ensure greater continuity."

Simultaneously Mr. Wriston announced that his banks would be moving into "greatly expanded facilities in Taipei, before mid-1979"—indicating that Citibank/Citicorp does not see an expanded presence in Taiwan as a bar to its hopes to do business with China. Citibank formerly had over a dozen branches in China which were opened around 40 years ago.

Paris meeting to hear Japan's plans for shipbuilding cutback

BY IAN HARGREAVES

JAPAN is today expected to present for the first time to a gathering of international government its plan for a 35 per cent cutback in the capacity of its shipbuilding industry.

A meeting of the shipbuilding working party of the Organisation for Economic Co-operation and Development, which opens today in Paris, was postponed from last month to allow the Japanese time to complete their plans.

These, according to information already released in Tokyo will involve the loss of 50,000 jobs in the Japanese industry and a capacity reduction of 35 per cent.

European governments will be pressing Japan at today's meeting for firm assurances that the reduction in capacity will involve permanent closures. They fear that extensive mothballing could take place, allowing the Japanese shipyards to return to sharp growth as the present world recession in shipbuilding starts to turn some time in the next four years.

Although there could be some tough talking at the meeting, today's talks take place in an atmosphere chastened by the continuing impact of the slump.

There has been much acrimonious argument in the past about relative levels of cutbacks in different countries but market conditions have by now forced redundancies in all the major shipbuilding countries.

Britain, which has been heavily criticised for refusing to plan across the board reductions in capacity, will point to recent ministerial pronouncements indicating the inevitability of job losses as the recession continues.

The meeting will also discuss the growing problem of shipbuilding outside the OECD, where shipyards are expected to pick up about one third of all orders this year.

South Korea, the most vigorous of these countries, is reported to have made bilateral approaches to Japan and to the European Commission about possible involvement in world shipbuilding talks, but there appears to be little chance of South Korea's early involvement in any kind of OECD forum.

One specific proposal on today's agenda is for an easing of OECD buyer credit guidelines on the sale of ships to bring shipbuilding into line with other industrial exports.

France is the main proponent of this idea, but it does not appear to have widespread support. Opponents argue that the change would merely increase the already massive costs of government involvement in shipbuilding without generating additional orders.

Italians win tractors order

TREVIGLIO, ITALY, Nov. 6.

CHINA has signed a contract to purchase Italian tractors worth $60-70m next year. Sources close to the Italian tractors manufacturer said that China will continue purchases of Italian tractors and agricultural machines in the following five years.

China is known to be negotiating with Fiat for the construction of a large tractors factory and seeking finalisation of the contract by the end of this year. The U.S. group John Deere is also reported to be among the bidders for the tractors plant in China.

(AP-DJ)

$100m ships deal signed

HONG KONG, Nov. 6.

CHINA has signed a contract for eight new cargo ships, valued at more than $100m, with Kawasaki Heavy Industries of Japan. The order is said to be the biggest single order for new ships ever placed by the Chinese and will help inject life into Japan's depressed shipbuilding industry.

The first of the eight ships, one of 6,800 tons, is to be delivered next October. Four other ships will be in the 6,000-ton range, while three will be of 12,000 tons. Delivery of the ships will be made in Japan, with one scheduled for completion every two months.

Payment will be made in U.S. dollars. The vessels will be used for carrying dry goods, but it has not been decided which routes the vessels will serve.

Meanwhile China has accepted Sumitomo Metal Industries, proposal to more than double the annual capacity of the Anshan steel complex in northeast China to 15m metric tons.

- KLM Royal Dutch Airlines hopes to start flying into Peking by mid-1979. A Chinese delegation will meet Dutch Government officials in Amsterdam later this month, and an airline official indicated that an agreement could be reached then. (AP-DJ)

Approval for new Israeli rail link

BY L. DANIEL

HAIFA, November 6.

ISRAEL RAILWAYS will have to purchase 50 new rail cars suitable for the transport of bulk chemicals to cope with the increasing exports of potash and phosphate, as well as railway sleepers and rails.

The railways have just been given the go-ahead for the construction of a new line linking Kiryat Gat with the existing Ashkelon-Ashdod line, thus shortening the route and relieving the excessive burden on the existing line. The cost of the new spur, plus the 50 railcars is put at about £10m.

Meanwhile, the Israel Ports Authority will shortly be in the market for additional equipment worth well over $800,000. A special meeting of the authority decided that new operating equipment will have to be acquired to cope with the anticipated increase in imports of cement, timber, iron, and other building materials needed for the construction of new military bases and airfields.

The volume of cargo passing through Israel's ports has already increased substantially this year—by 16 per cent to 8.2m tonnes in April-October 1978, compared with the same months of 1977.

$8.8BN SCHEME BEGINS

Latin America's hydroelectric giant

BY DIANA SMITH IN RIO DE JANEIRO

FORMAL contracts have been signed for equipment supplies for the $8.8bn. Brazilian-Paraguayan hydroelectric scheme at Itaipu on the Parana River, destined to be the world's largest hydroelectric scheme.

The winning consortium, CIEM, composed of Mecanica Pesada (leader—and Brazilian associate of Creusot-Loire of France), Brazil's Bardella, Siemens, Voith, Brown Boveri and Manheim of Germany (both home offices and Brazilian subsidiaries), Neyrpic-Alsthom-Atlantique of France, knocked out competition from three other consortia: General Electric, Westinghouse/Allis Chalmers/CIE (Italy), and Hitachi/Mitsubishi with a $707.1bn bid in June this year.

Upon signature of the contract on October 20—the day that Itaipu was moved into its definitive stage of construction with the detour of the Parana River—the total price quoted for the equipment supply contract was $800m for 18 turbines and generators.

The first turbo-generator is due to start up during the first quarter of 1983. Thereafter, another set will be added every four months until, in 1988, Itaipu reaches its full installed potential of 12.6m kW, a sum equivalent to all Brazil's installed hydroelectric capacity just over ten years ago.

Eighty-one per cent of the content of the turbines and 86 per cent of the content of the generators will be manufactured in Brazil either by the national or foreign-based suppliers.

There will be 100 per cent transfer of technology from plans of the overall electrical project and transfer of 50 per cent of the basic design technology for the permanent equipment.

The determining factor, according to the board of Itaipu Binational, in the choice of CIEM as the winning consortium was the high percentage of national content offered, thanks to strong participation of Brazilian companies and—with long-standing subsidiary operations in Brazil. Furthermore, Itaipu says, CIEM was the only consortium that had the manufacturing capacity to supply all 18 units within the deadlines specified.

Since CIEM is also willing to turn over a share of the manufacture of the generating equipment to the recently-formed Paraguayan consortium CIE (Consorcio de Ingenieria Electromecanica), under the form of expert advice and industrial advice this fits in with Brazil's concerted effort to ensure that its Paraguayan partner, albeit in modest circumstances, participates as actively as possible in the Itaipu project.

Each generator will have a capacity of 700,000 kW when all 18 are in operation they will generate 73.584m kW/hours per annum or, in their estimated useful life of 31 years, a total of 2.8bn kW/hours per annum.

A $250m loan has been offered by a group of European banks, led by the Deutsche Bank, to cover part of the cost of the equipment supplies. The loan would be applied from the end of this year onward ($50m this year), and granted in three tranches, according to Itaipu's finance director, Sr. Moacyr Teixeira.

The first tranche—$150m has a 10-year repayment period and one per cent spread: the second tranche—$75m—a 12-year repayment period with one and three-eighths per cent spread and the third tranche—$25m—a one and three eighths per cent spread.

All three tranches have six-year periods of grace.

Seen from the air or the ground, Itaipu is an awesome project. Once built, the main dam will be 1.5 km long, drawing on its future 200 km long, 7 km wide reservoir—a 1,400 sq. km area that will contain 29bn cubic metres of water.

At present the project employs 23,000 people. By the time it is completed, it will have employed an estimated 90,000 people—about 50 per cent Brazilian and 40 per cent Paraguayan. It has brought new housing, schools, hospitals, recreation facilities, shops and supermarkets to the once-small resort town of Foz do Iguacu on the Brazilian frontier, 14 km south of Itaipu and the location of spectacular cataracts on the Iguacu River.

New Zealand woos U.S.

BY DAI HAYWARD

WELLINGTON, Nov. 6.

NEW ZEALAND is trying to attract investment from the U.S. to help boost its export and manufacturing industries.

Mr. Merv Norrish, the New Zealand Ambassador to the U.S., told the Chicago Council on Foreign Relations that there will be substantial restructuring of New Zealand's industrial sector in the next few years. Many new enterprises will be established with manufacturing exports as their main objective.

New Zealand has been stressing its political stability, its well educated work force and other attractions to potential international investors.

About 150 large American organisations have already invested in New Zealand. Developments planned in the next few years in the petrochemical timber and the processing of natural resources will require more technical aid and foreign capital.

Ryder accepts 'impressive' Mail damages

BY MAURICE SAMUELSON

LORD RYDER of Eaton Hastings, former chairman of the National Enterprise Board, has accepted damages in settlement of his High Court libel action over the "slush fund" articles in which the Daily Mail alleged that British Leyland (now BL) had paid bribes to promote sales.

The damages, described as "impressive" by Mr. Robert Alexander, QC, Lord Ryder's counsel, are thought to exceed £100,000 and to be a record in a British defamation case.

A trust is to be established to make annual payments to charities out of the income from the damages. The beneficiaries will be causes close to the hearts of Lord and Lady Ryder and will include well known national charities.

The articles at the centre of the libel action appeared in the Daily Mail of May 19 and 20, 1977. They incorporated a letter, alleged to have been written by Lord Ryder, that proved to be a forgery.

They alleged that Leyland paid bribes to further sales and that those were sanctioned by Lord Ryder, then chairman of the Enterprise Board.

Mr. Alexander told Mr. Justice O'Connor in an agreed statement yesterday that an additional editorial in the Daily Mail was "one of the most savage criticisms of a man in public life ever to have been published in a British newspaper."

Lord Rawlinson, QC, counsel for Associated Newspapers and Mr. David English, editor of the Daily Mail, said that they unreservedly withdrew the allegations and apologised to Lord Ryder for the libels, which they had been "deceived into publishing."

The Daily Mail had decided to publish the articles, and particularly the text of the forged letter, in the firm belief that the letter was genuine.

Neither Lord Ryder nor Mr. English was in court for yesterday's brief hearing.

In August Mr. Graham Barton, aged 35, a former Leyland financial executive, was jailed for two years after being convicted of forging what purported to be a letter from Lord Ryder to Mr. Alex Park, then BL's chief executive.

He was also found guilty of forging a letter from the Bank of England to Leyland and of dishonestly obtaining £15,000 from the Daily Mail.

The damages to Lord Ryder include general and aggravated damages, costs and other expenses.

In 1961, a court awarded £117,000 against Associated Newspapers for an article in the Daily Mail of December 23, 1958. Unlike the present case, that was not an agreed settlement and the sum was considerably reduced after an appeal by Associated Newspapers.

New house-building up, but still low

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

NEW house-building activity turned upward in September, though output continued to run at disappointingly low levels.

Figures from the Department of the Environment show that total new housing starts recorded in September rose to 24,500 from just over 20,000 in the previous month, although the figure was nearly 4,000 down on the same period of last year.

Total starts in the third quarter of 1978 were 10 per cent down on the previous three months and 9 per cent lower than in the third quarter of last year.

The number of homes finished by contractors in September rose to 22,900 from 20,800 in August, but remained well below the September total last year of 28,300.

Completions in the third quarter as a whole were 4 per cent down on the preceding three-monthly period, and 12 per cent lower than a year before.

The Department figures show that this year, despite some earlier hopes, will prove to have been far from buoyant on the housing front.

Private-sector starts are still expected to reach about 155,000, showing a substantial improvement on the total last year of 135,000, but starts in the public sector seem likely to reach little more than 115,000, against 132,000 last year.

A combined housing-starts total of about 270,000 would prove only slightly better than last year's figure of 267,000.

The main concern for builders now is that with little prospect of a significant improvement in public-sector starts the outlook for private housing work next year begins to look shaky.

There have already been predictions that because of the shortage of mortgage finance private-housing starts next year will fall back to the low levels of last year, giving an overall total for housing starts of about 250,000, lowest since 1974.

The one bright spot has been that with the substantial increases in market prices contractors have enjoyed much higher profit margins.

The Department said that provisional estimates put private-sector homes converted or improved in England in the third quarter at 12,500, against 13,000 in the previous three months.

About 8,000 homes were demolished or closed under slum-clearance programmes, compared with 9,700 in the previous three months.

Homes prices rise 9½% during third quarter

BY OUR BUILDING CORRESPONDENT

AVERAGE HOUSE prices rose by 9½ per cent in the third quarter of this year, says the Department of the Environment.

Figures yesterday confirmed earlier statistics from the building societies which showed that price rises earlier in the year gathered momentum in the July-September period, despite mortgage-lending restrictions imposed by the Government.

Prices for this year as a whole are expected to rise on average by about 20 per cent.

The Department, which bases its findings on information from the societies, said that the average price of properties on which new mortgages were approved in the third quarter was £17,140, a 21½ per cent increase on a year earlier.

For new homes the average price in the third quarter was about £18,385, a rise of 7½ per cent on the previous three months and 23 per cent on 12 months before. The average for second-hand properties was £16,910, an increase of 10 per cent on the previous quarter and 21 per cent on a year earlier.

Japanese van imports worry car makers

By Kenneth Gooding, Motor Industry Correspondent

CONCERN about the steep increase in sales of light commercial vehicles from Japan was expressed by members of the Society of Motor Manufacturers and Traders during talks with representatives of the Japanese Automobile Manufacturers' Association, which began yesterday.

As the voluntary restrictions on cars began to bite this year, sales of light commercials have shot ahead, and registered an 85 per cent increase in the first nine months compared with the same period last year.

They have an 11 per cent market share against 7.1 per cent a year ago.

In broad terms, the team from the society, headed by Sir Barrie Heath, its president, has insisted that the industry is still in no shape to cope with the brunt of an uncontrolled Japanese attack, and needs more breathing space.

Unless there is voluntary restraint by the Japanese there could be retaliatory action of some sort, the British manufacturers said.

The Japanese delegation of three, led by Mr. Eiji Toyoda, president of Toyota and also of the association, will not be keen to give away much in terms of shipment restrictions or undertakings about market shares in the UK.

The Japanese car industry faces problems in other markets, and particularly in the U.S., its biggest export market, because of the rise in the value of the yen.

Discrimination

The Japanese manufacturers had been given copies of a National Opinion Polls survey conducted on behalf of the Datsun importers and dealers, which showed that 53 per cent of those questioned were opposed to further restrictions on sale of Japanese cars in Britain.

More than half—51 per cent—believed it was wrong of the Government to discriminate against import of Japanese cars alone.

Because Sir Barrie, who is chairman of Guest Keen and Nettlefolds, comes from the components sector of the industry, the society invited Mr. David Andrews, deputy chairman of BL, to attend the discussions.

Also in the society team are Mr. John Beswick, the director, and Mr. Hugh Cownie, economic adviser.

The other members of the Japanese delegation are Mr. Masataka Okuma, chairman of the association's export committee and vice-president of Nissan, maker of Datsun cars, and Mr. Toshio Nakamura, managing director of the association.

The talks continue today.

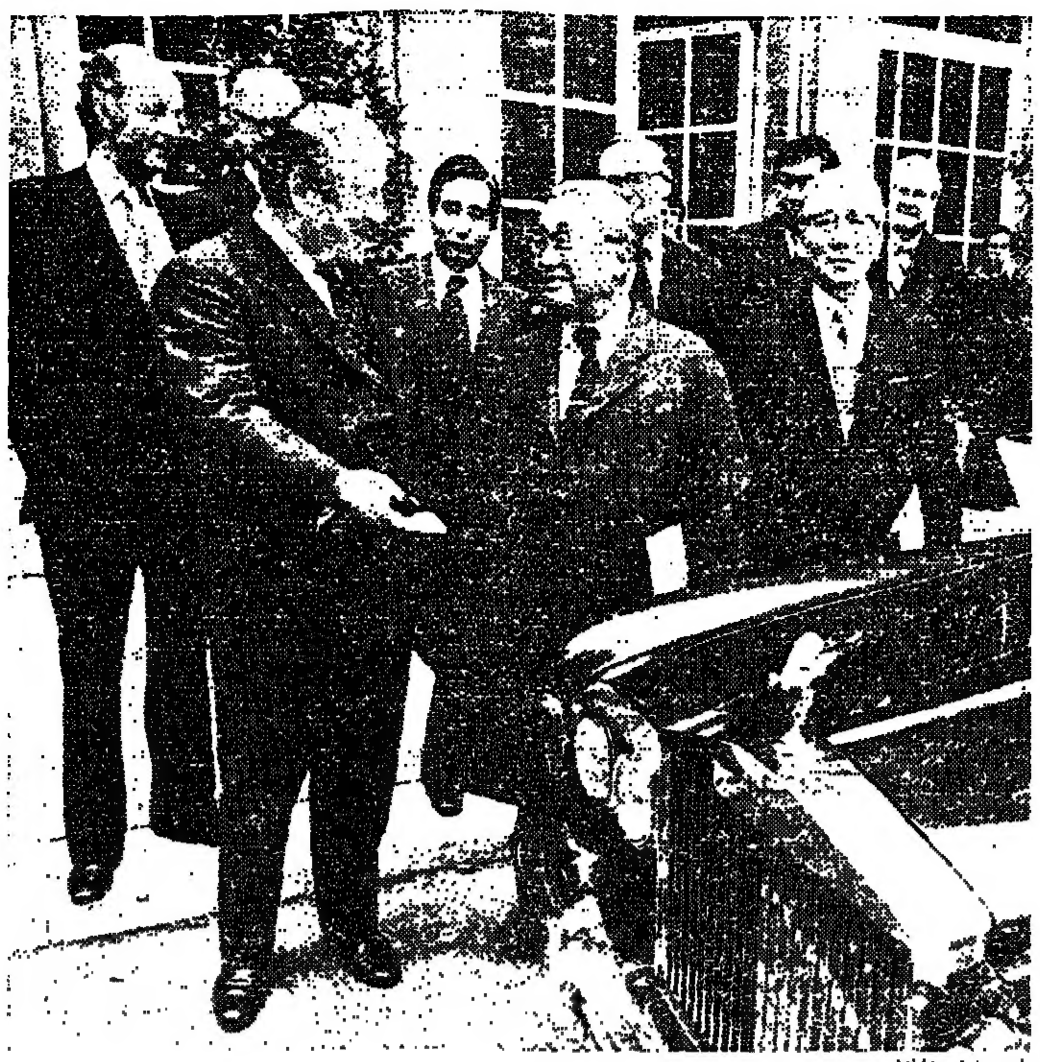
Council's grant stays says county

TYNE AND WEAR County Council decided last night not to discontinue its yearly grant to North of England Development Council, ending months of speculation.

The decision came after Mrs. Maureen Taylor, Chairman of the development council, accepted new guidelines.

These include confining the organisation's operations to promotion and publicity, and leaving political affairs in the hands of local councils.

Earlier this year, Tyne and Wear's ruling Labour group voted to withdraw its £84,000 a year grant because of dissatisfaction with the council.



Ashley Ashwood

Sir Barrie Heath (left foreground) talks to Mr. Toshio Nakamura. Mr. Eiji Toyoda is on Mr. Nakamura's left

Inmos 'no rival'—Fairchild

BY JOHN LLOYD

FAIRCHILD, THE U.S. micro-electronics company, which will shortly announce a joint venture with General Electric for the production of microprocessors and memory chips, has dismissed Inmos, the £50m company backed by the National Enterprise Board, as a serious competitor.

Mr. Wilfred Corrigan, President of Fairchild, said that the UK "looked very attractive" for the new venture.

But, he said that its competition would come from the established U.S. microelectronic companies and from the Japanese. Inmos "does not figure in the ranks of our future competitors."

"It is now very difficult to get started in the semiconductor business. I would be very sceptical about the chances of any new company. The established companies have the markets: they will develop the new products."

Mr. Corrigan's view is in sharp contrast to the Government's, which sees competition between Inmos and GEC-Fairchild as stimulating to both and to UK child will attract aid from the Government's £70m support scheme for companies going into the volume production of microprocessors, as well a probable regional aid. The plant is expected to employ 1,000 people by 1981.

Fall in September retail sales more than expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING in the shops during September fell by more than was first estimated from the buoyant level of the previous two months. But sales were still higher than earlier this year.

The final seasonally adjusted index of the volume of retail sales in September is 109.5 (1971 = 100), compared with a provisional estimate of 110.5.

The Department of Trade said yesterday that sales had declined from the high level in July and August (average 111.6), "when the payment of back-dated income tax reductions appears to have influenced the trade of non-food shops."

A slight decline in spending in the autumn had been expected by the retail trade in view of the past pattern when the payment of tax rebates had led to a temporary boost to sales, followed by a lull. The trade expects sales to pick up again from this month onwards.

In the first nine months of this year the average level of retail sales was about 4½ per cent higher than the average for last year. In the July to September period, the volume of sales was about 2½ per cent above the level in the previous three months and 6.2 per cent higher than in the same period last year.

New credit extended by finance houses and retailers fell by £17m to £476m, seasonally adjusted, between August and September, and finance house lending was back to the level of the spring.

Total debt outstanding of both finance houses and retailers was £4.03bn at the end of September—6.1 per cent higher than at the end of June

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by			Retail volume (revised)	
	Finance Houses £m	Retailers £m	Total debt outstanding (unadjusted) £m	Total (1971=100)	Durable goods shops (1971=100)
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,109	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
2nd	716	677	3,797	108.0	129
3rd	701	726	4,030	110.8	135
February	201	217	3,429	106.8	130
March	212	201	3,507	107.0	117
April	231	232	3,594	106.7	132
May	243	228	3,689	108.4	126
June	242	217	3,797	108.7	130
July	213	245	3,831	111.4	138
August	252	241	3,953	111.8	134
September	236	240	4,030	109.5	133

Source: Department of Trade

Sullom Voe ready to take first oil this month

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Sullom Voe terminal, in Shetland, should receive its first oil within two to three weeks.

In spite of construction delays, the terminal, being built by BP for a 30-company consortium, has been ready to receive crude for some months. But there have been hold-ups offshore recently.

At the weekend, divers were able to weld a new section into the Brent pipeline, which was ruptured during pressure testing last month.

Shell, which is the operator for the line, said yesterday that flushing and testing would start immediately and that oil from the Dunlin field could be flowing ashore by the middle or the end of the month.

This could coincide with oil arrriving from the smaller Heather field. This is to be pumped through the Ninian system pipeline, which also comes into Sullom Voe.

That line is also being tested and a tanker is due at the terminal in about two weeks to draw off the sea water that now fills the pipeline.

The terminal itself — which will eventually be the largest in Europe handling 1.4m barrels a day — is only 40 per cent complete but enough work has been done to handle oil in limited quantities.

Four of the 15 storage tanks are ready, with two more well advanced. One tanker loading jetty is finished and another, intended for liquid petroleum gas, can be used for crude oil in the initial stages.

Two turbines in the power station which will run the terminal, are being commissioned and emergency services, administration and maintenance buildings are now being occupied.

Of the 300 operating staff that will eventually be needed, 190 have been recruited.

However, the terminal will not be able to separate oil and gas until 1980. Until then, gas is to be flared off at the platforms, involving an estimated annual loss of revenue of £20m.

Hauliers' charges ruling attacked

BY LYNTON McLAIN

THE PRICE Commission's ruling that road haulage charges should not be raised next year by more than the rise in the rate of inflation was attacked last night by the Road Haulage Association.

The profitability of road hauliers had already declined markedly, Mr. John Silbermann, the association's chairman, told businessmen at the Cardiff Business Club. The modest rise in charges which the commission would permit would again hit profitability.

As a result, he said, many companies would be unable to fund replacement of old lorries, particularly if they were prevented from raising charges for unavoidable wage and fuel increases.

The National Freight Corporation made a similar attack on the commission's proposals last week when Mr. Peter Thompson, chief executive of the State-owned corporation, said that the industry needed to gain, on average, at least 3 per cent, over the rate of inflation in price increases next year.

This would help to recoup some of the profits lost in previous years when margins were squeezed.

It was unrealistic for the commission to restrict applications for tariff rises to the level of the general rate of inflation, Mr. Thompson said.

The corporation had already submitted to the commission proposals to raise freight rates by between 8 and 10 per cent. for the period until May. This followed the 12 per cent. rise in hauliers' costs so far this year.

New airline awards £3m contract to Britannia

FINANCIAL TIMES REPORTER

AIR EUROPE, Britain's first new charter holiday airline since Laker Airways was formed, has awarded a £3m contract to Britannia Airways for engineering and maintenance support of its fleet of Boeing 737-200 jets.

The contract will be effective from next spring, when the Gatwick-based airline takes delivery of the first of five Boeings. Two of the 130-seaters will be delivered next year and a further two in 1980.

Mr. Roy Phillips, Air Europe's chief engineer, said yesterday: "Britannia Airways will handle the entire engineering support programme for our fleet, which will be among the most advanced on today's inclusive tour market."

Air Europe, formed this month by Mr. Harry Goodman, chairman of the UK package tour company Intasun, will serve 29 holiday destinations from Gatwick.

It expects to take 250,000 holidaymakers on the first 2,100 round-trip flights. Capacity for next summer's holiday flights is already fully sold, Air Europe said.

Dan-Air seeks to raise fares by up to 20%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR SERVICES has applied tothe Civil Aviation Authority for permission to raise fares on its UK domestic routes from April 1 by amounts between 5 per cent and 20 per cent.

The increases sought on the Channel Islands routes would raise the single weekday rate to London, Bristol and Cardiff from £23.10 to £25. The single fare between Gatwick and the Isle of Man would rise from £26.30 to £26.50, and on the Gatwick-Newcastle route it would rise from £25 80 to £28.

Some other airlines have also asked for further fares adjustments following those recently approved by the Authority from November 1.

British Caledonian wants to introduce a "senior citizens fare" on its domestic routes as soon as possible to cut 40 per cent off the normal economy-class fares for over 65.

Aurigay Air Services wants fare rises of 8 per cent on its routes between Alderney (Channel Isles) and the mainland from April 1 and is also seeking senior- citizens fares with a 40 per cent discount

Gatwick row could threaten tour flights

BY ARTHUR SANDLES

PACKAGE HOLIDAY flights to Spain next summer may be disrupted as a result of the Spanish Government's determination to resist Britain's plan to switch all scheduled air services to Spain to Gatwick Airport, instead of Heathrow.

Mr. Ignacio Aguirre Borrell, Spanish Secretary of State for Tourism, told the Association of British Travel Agents convention in Torremolinos, Spain, yesterday that there were "repercussions which could be caused by a unilateral and radical decision on the subject of moving our national flag carrier airline from Heathrow to Gatwick."

The Minister described it as "an unjust solution: unwarranted and unnecessary." The result might be a series of measures that could even cause "a dislocation of the network of charter flights from your country to Spain."

Unpopular

Spain has banned some British Caledonian Airways flights from Madrid Airport. The Spanish are angered by the UK's move, which cuts off the national airline, Iberia, from the many connecting services that operate from Heathrow.

Suggestions have been made that the Spanish might retaliate. Britain is not the only country with airports in unpopular places to which it can divert incoming flights.

It now seems that the Spanish will also press very hard for an equal share of the busy charter traffic between the two countries.

Only about 10 per cent is carried on Spanish aircraft. If the Spaniards took half the traffic, it would mean the loss of more than 1m passengers a year to British airlines.

The UK authorities are alarmed by overcrowding at Heathrow and are keen to move as much traffic as possible to Gatwick. The airlines of Spain and Portugal were chosen because the countries form a geographic unit and deal heavily in holiday traffic.

The Spaniards, however, point out that they were among the first to go to Heathrow and feel that some newer airline, perhaps from the Middle East or Africa, should be sent to Gatwick.

MR. TOM KING

'Rough world for coal'

Tories may stop coal industry subsidies

By Maurice Samuelson

A CONSERVATIVE energy spokes-man hinted yesterday that a future Conservative government would not automatically continue to subsidise Britain's coal industry if it failed to be efficient.

Mr. Tom King, MP, said that if the coal industry made the effort now, increased its productivity and kept costs down, the Conservatives would back it 100 per cent.

"The alternative is to pretend ostrich-like, that all is assured and inevitable," he told a Coal Industry Society luncheon in London.

Mr. King accused Mr. Alexander Eadie, Minister responsible for coal, of misleading the industry by suggesting that the demand for its product was higher than for any other industry.

"That is patent rubbish at a time when consumption is falling and stocks are unusually high. Of course its long-term future looks bright, when oil and gas are likely to decline.

"In the interim, coal has to compete in a rough world, principally in the electricity generation market. And our oil and gas might just last much longer than we imagine," Mr. King said.

Perkins stores at Debenhams

DOROTHY PERKINS, the specialist fashion retailer, will open shop-in-shop units in two big Debenhams stores.

The openings, planned for this month, will be in Bristol and Romford.

Rising prices deter holiday makers

RISING COSTS in Spain are driving many Britons away from their traditional favourite foreign holiday resort. "Spanish destinations are generally filling up less quickly than other destinations," according to Mr. Ken Franklin, chairman of the Association of British Travel Agents tour operators' council, writes Arthur Sandles.

Speaking at the association's convention yesterday, Mr. Franklin said that during 1975-1977, the share of the UK holiday market enjoyed by Spain had fallen from 67 per cent. to 57 per cent.

Next summer would see the largest single leap in the cost of holidays to Spain. Brochure prices were up 20 to 25 per cent, a real rise of 15 per cent.

"There is already evidence of a further swing away from Spain in the 1979 bookings taken by leading tour operators."

Figures showed that even in the present spate of bookings, the British public was showing "significant resistance" to booking the Costa Brava, Costa Dorada, Costa Blanca and Costa Del Sol, wher price increases have been greatest.

Mrs. Margaret Hook, the association's president, suggested that within 15 years, Britons might be going abroad each year on package tours, more than double the present total. But as air fares fell, so more places in the world became accessible to holidaymakers.

"It is inevitable that sort-haul destinations will face fiercer competition than hitherto.

"So we must be on guard against those mortal enemies of tourism, inflation and indifference to service, if we are to succeed in maintaining and increasing the flow of holidaymakers."

MP's will

Mr. John Mendelson, Labour MP for Penistone and a former member of the Tribune group, left £29,250 gross (£28,516 net) when he died in May, aged 60.

Labour Party officials awarded libel damages

MR. REG UNDERHILL, the Labour Party's National Agent, was given a public apology and substantial damages yesterday over allegations that he tried to hush up corruption in the party and in North-east local government.

The "grave attack" on Mr. Underhill's character was in the book No Shining Armour, by Mr. Edward Milne a former labour MP, the High Court was told.

In a separate libel settlement over the book, substantial damages and an apology went to Mr Percy Clark, Labour's publicity director.

Both awards were against the book's publishers, John Calder. The sums were not disclosed.

Mr. David Eady, for Mr. Underhill, said that the book accused him of bias and of acting as a "hatchet man" to hinder Mr. Milne's re-selection as official Labour candidate for Blyth, regardless of the wishes of local party members or the democratic selection process.

The allegations were entirely without foundation.

Mr. Geoffrey Robertson, for the publishers, said they accepted that Mr. Underhill's conduct had never been dishonest and that he had never misused his position of trust. They had published the book in good faith.

Mr. Eady said that in Mr. Clark's case, the book suggested that he was part of an alleged attempt to hide the fact that in the early 1960s, the party had awarded a public relations contract to Mr. T. Dan Smith, a businessman subsequently convicted of corruption, and that Mr. Clark misled a Labour MP by suggesting that no such contract had been awarded.

There was no truth whatever in the allegations.

Shipyard pay-off delayed

FINANCIAL TIMES REPORTER

MORE THAN 2,300 shipbuilders who volunteered for redundancy from state shipyards over six months ago are still waiting for their money from British Shipbuilders

They have received only the money due to them from their original employers under the state redundancy scheme. A lump sum and weekly "support payments" to be paid by British Shipbuilders under their special shipbuilding redundancy payments scheme are still outstanding and in some cases amount to several thousand pounds.

British Shipbuilders said: "We hope to be able to start making the lump sum payments by the end of this month. The weekly support payments will take longer to work out."

The delay had been caused by the numbers of men involved. The Bill enabling the payments to be made was not enacted until the end of August.

Insurance consultant cuts out Lloyd's

By Arnold Kransdorff

EMPLOYERS PROTECTION Insurance Services, a small specialist consultancy which handles premium income of about £500,000 a year, is moving its business out of the Lloyd's of London market.

Mr. Brian Raincock, managing director of the consultancy, said yesterday that, while the reliability of Lloyd's was not in doubt, the arrangement with Lloyd's was "unsatisfactory."

A new underwriting agreement was being finalised with a consortium of leading insurance companies which would work directly with the consultancy.

It was being arranged by Western Australian Insurance Company. By cutting out brokers, the consultancy could stabilise and in some cases cut premiums, particularly for some larger companies.

£50 a day

In addition, cover could be enhanced—for example a witness attendance allowance of £50 a day was being considered.

The consultancy was formed in 1976 to offer advice and insurance schemes against recent employment protection legislation. Based at Sutton, Surrey, it employs 35 consultants, 12 of them full time. It has 3,000 clients.

Mr. Raincock said that new clients were joining at the rate of 200 a month, and estimated that premium income would top £1m by the middle of next year.

Lloyd's said: "In a free market, understandings and arrangements must change all the time. It is an adjustment that may suit everyone."

Council sells off tower blocks

By Our Own Correspondent

LIVERPOOL'S TOWER blocks of flats, Canterbury, Crosbie and Haigh Heights—which have become known as The Piggeries because of vandalism and their run-down state—were sold yesterday, subject to the approval of the Department of the Environment.

The buyer was Mark Securities of Kingswood, Surrey, which was on a short list of intending buyers interviewed by Liverpool's special sub-committee of its Housing Committee.

Mark Securities will spend about £1¼m on refurbishing the flats. Single bedroom accommodation will then be sold privately for about £5,000 and three-bedroom flats for up to £8,000.

The company is to pay £1,000 for a 99-year lease, plus £300 a year ground rent and £250 for each flat it sells up to a maximum of £50,000.

The flats would have cost £1m to demolish and had the council adopted this course it would have been left with only the comparatively small land value after clearance plus debt charges already incurred on the tower blocks.

EEC bankers give qualified welcome to monetary system

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PROPOSED European Monetary System has been generally welcomed by EEC bankers, though with qualifications about how the scheme might operate in practice.

The EEC Banking Federation, consisting of representatives of commercial banks in the Nine, met in London yesterday under the chairmanship of Mr. Haeusgen, chairman of the supervisory board of Dresdner Bank.

The Federation describes the establishment of a monetary system as "an important step towards the further economic and political integration in Europe, as the present lack of cohesion in monetary co-operation within the Community could seriously hamper its economic and political coherence."

Clear agreement on intervention in the exchange markets is advocated. The funds available and the conditions should be such that they can help support more balanced economic and monetary development, but too extensive facilities would encourage countries to adhere for too long to exchange rates in need of correction.

The Federation welcomes in principle the proposal for fixed exchange rates with narrow margins, while calling for precautions to ensure that exchange rates are adjusted as soon as they require correction.

"The possibility of joining the system at a later date should be held open to those countries not yet in a position to commit themselves."

The leading UK representative on the Council of the Federation is Lord O'Brien of Lothbury, president of the British Bankers' Association and former Governor of the Bank of England.

Several prominent UK clearing bankers will this morning give oral evidence to the Commons Expenditure Committee inquiry on the proposed system.

In written evidence to the Committee a group of economists from the City University in London argue that the system will be unworkable and will not solve the major problems of higher unemployment, high inflation and low growth.

They are not opposed to monetary integration in Europe, or indeed, to the creation of a monetary union, but consider that the system proposed is not viable.

The economists are from the Centre for Banking and International Finance headed by Professor Brian Griffiths. They argue that pegging exchange rates without the full co-ordination of monetary policies is a recipe for short-term instability in both money supply growth and interest rates.

"For the UK to join now would mean that UK monetary policy would in effect be controlled by the Bundesbank, implying an "unnecessarily deflationary shock to the economy."

Fallacy

The group maintains that the proposals make scarcely one step towards full economic and monetary union since they do nothing to remove exchange restrictions between European countries and make no mention of issuing a new currency which could be held privately as well as by central banks.

It is a fallacy the economists argue that fixed rates impose a competitive discipline on companies, since this regime rarely leaves industry with the resources to make the major structural adjustments necessary to keep the balance of payments in equilibrium. Rather than providing a bracing shock, the cold shower could bring on "creeping paralysis."

Strong support for U.K. participation came yesterday, however, from Lord Thomson, a former EEC Commissioner and now chairman of the European Movement.

Addressing delegates to the CBI conference attending a special European movement reception, he said that there would be big advantages for Britain in a scheme that would "lessen monetary instability and prevent the machinations of the speculators."

The system's genuine transfer of financial resources would be of particular help to the economically weaker States such as the UK.

Factory plans double output

By John Wicks

OUTPUT of the Swiss-owned engineering company Charmilles (UK), of Gloucester, is being doubled in an 18-month expansion programme.

Charmilles (UK) has developed a new range of generators for use with machining equipment and machine tools. It is assuming responsibility for special machine requirements within the Swiss group, Ateliers des Charmilles, of Geneva.

Growing protectionism 'adding to inflation'

FINANCIAL TIMES REPORTER

THE THREAT of growing protectionism among leading industrial countries requires urgent action to deal with the excesses of world free market competition, says Dr. Stephen Cohen, Associate Professor at the American University in Washington.

Dr. Cohen writes in the National Westminster Bank's quarterly review that "a new strain of protectionism is endangering the achievement of both international economic efficiency and international political harmony."

The alternative to new agreements was the accentuation of the existing trend—the devising of *ad hoc* protectionism in Washington and Brussels, based more on political cunning than on the application of fair and sensible rules.

To the extent that the new protectionism prolonged the life of obsolete and inefficent producers, trade policy itself became a contributor to the larger dilemma of slower growth and higher inflation rates.

ICI takes on plasticisers from Lankro

By Maurice Samuelson

ICI is to assume responsibility for selling higher phthalate plasticisers in the UK, a role previously undertaken by Lankro for their joint company, ICI Lankro Plasticisers.

Phthalates are materials used to make plastics supple and are particularly important in the production of poly vinyl chloride —PVC.

Lankro will maintain its close association with ICI in this field by continuing the manufacture and delivery to customers of plasticisers for at least five years.

ICI said yesterday that management of the whole business will enable it, as a world-scale manufacturer and seller of plasticiser alcohols and phthalates, to be fully competitive with other integrated producers in the UK and overseas.

This was "essential" if ICI's customers were to continue to have the service they needed in an increasingly competitive climate.

Lankro Chemicals will continue to manufacture and sell direct its full range of specialised polymer additives including stabilisers, epoxy plasticisers and antistatic agents.

ICI Lankro Plasticisers was formed in 1972, with ICI taking 60 per cent and Lankro 40 per cent interests.

Temporary respite on battlefield of electricity supply industry

BY JOHN LLOYD

THE ANNOUNCEMENT last week by the Central Electricity Generating Board that it had placed £300m worth of contracts for the mechanical work on Drax "B" power station in Yorkshire, was only a temporary respite in the problems besetting the generator and boiler supply industry.

Drax "B" has been a particular focus of struggle. In the first place, the board was coerced by the Government to order it between 18 months and two years earlier than it would have wished—largely because the power plant industry, or the weaker parts of it, might have expired without the work.

This decision by Government came after it had failed, after a manful struggle by Mr. Eric Varley, the Industry Secretary, to force the rather less tractable companies in the industry to merge their interests.

The Government plan, aimed at making the under-worked UK industry internationally competitive, was to marry boilermaker Clarke Chapman with Babcock and Wilcox, and, in a separate wedding, generator manufacturers Reyrolle Parsons with General Electric's generator division.

The Parsons/GEC merger was successfully fought off last summer, when Parsons, proclaiming that it would mean dominance by GEC and a rundown of its plant, allied instead with boilermaker Clarke Chapman to form Northern Engineering Industries.

In July, Clarke Chapman withdrew from talks with Babcock aimed at merging their interests. The two companies could not agree on guarantees of work-sharing between their plants. Rounds one and two, then, went against the pro-merger forces of the Government.

Counterbid

Since then, Babcock and GEC have tried to throw a few punches of their own. Babcock, which had been promised the Drax "B" boilermaking contracts — worth about £180m — speculated sourly in July that it might not give the flue and ducting work, worth about £12m, to Clarke Chapman.

A few weeks later, GEC made a counterbid — described last week by Parsons as being "ridiculously low" — for the turbine generator contract, worth about £105m (the GEC bid is thought to have been £90m).

Both these counterattacks appear to have been beaten off by Government intervention. The future of Clarke Chapman would have been seriously at risk had it not received the flue and ducting work, and the Government is thought to have made this clear to Babcock.

The CEGB brusquely turned down the GEC bid, noting that (1) it already had Parsons turbines in Drax "A", and wanted to keep continuity of design in the completed station, and (2) that the Government had always intended the work to go to Parsons anyway.

A further source of dissension in the industry seems likely to arise over the timing of the contract. The CEGB has named 1986 as its completion date for the project—a date which the manufacturers believe is hopelessly unrealistic.

They believe that the board is a bad organiser of its plant building, and that its design and construction division, which overstaffed and that its intervention can cause confusion.

They welcome the board's placing of the design contracts for Drax as an endeavour to avoid delays in the "front end." or design phase, where most problems occur. But they believe that the eight-year period in which they must complete the work is too short, and that, as it is seen that they are dropping behind, morale will drop, too.

More seriously, they say, the bad publicity which inevitably surrounds late delivery, will do the companies no good in the international marketplace—at a time when they must get export orders, or decline.

Discrepancies

The board's argument against that is contained in its 1978 corporate plan, where it acknowledges the delays, but puts the bulk of the responsibility on "failures of contractors' labour to achieve adequate productivity."

In future, the plan says, the board is aiming to achieve common, nationally agreed labour rates on site, thus overcoming the very substantial discrepancies in pay which often underlie industrial action and low productivity.

Overhanging all is the Bill to restructure the electricity supply industry, which is intended to be presented in this session of Parliament, and which will increase the power of the Government to intervene in the industry: and the dormant, but by no means dead, Government plans to reorganise power supply. The field will see more battles yet.

LABOUR NEWS

Firemen allowed 22% 'special case' rise

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT has approved a 22 per cent pay rise for Britain's firemen under the special case deal which ended the national strike of last winter.

The rise, which will be formally tabled at a full national joint council meeting between the Fire Brigades Union and local authority employers on Thursday, is likely to encourage other groups in the public sector to demand special treatment on pay this year.

Government approval of the firemen's wage increase as an exception to its 5 per cent pay guidelines comes only a few days after the Department of Employment gave the go-ahead for a 30 per cent rise for 30,000 private sector plumbers under a special case deal.

Local authority manual workers and hospital ancillary workers who are demanding a 40 per cent increase, and the nurses who have already applied to be made a special case this year, are likely to see the firemen's award as evidence of how far public service workers are falling behind the private sector under the Government's pay restrictions.

The firemen's pay increase, based on national earnings figures for adult manual workers, has turned out to be rather higher than the union was estimating at its annual conference only last month.

At that time, delegates were told to expect a 20 per cent rise to boost rates for qualified firemen by £15 a week.

On the latest New Earnings Survey figures produced by the Department of Employment, qualified firemen will in fact receive a £18 rise to bring weekly pay to £88 a week for those working outside London.

The formula takes into account adult male manual workers earnings in the upper quartile — the earnings level threequarters of the way up the scale.

It reflects the pay difference at that level between November 1977 and November this year, and closes 50 per cent of the gap between firemen's earnings and the upper quartile previously.

The rise may help to temper pressure for action to be taken on implementing the 42-hour week at the firemen's recalled delegate conference on November 28.

But the national joint council meeting later this week is not expected to agree on a date but to continue to concentrate on the terms for the changeover from the present 48-hour week.

At present, the union appears to be thinking in terms of implementing the shorter week just after Christmas. Employers, however, are likely to argue for a delay until spring to allow for extra recruitment.

Collective bargaining 'benefits employers as well as unions'

BY ALAN PIKE, LABOUR CORRESPONDENT

COLLECTIVE BARGAINING has advantages for employers as well as trade unions, Mr. Jim Mortimer, chairman of the Advisory Conciliation and Arbitration Service, declared in the Ernest Bevin Memorial Lecture in London last night.

A participative style of management was more likely to work than an authoritative style, and collective bargaining provided a means for discussing and resolving difficulties.

Terms and conditions of employment should be jointly regulated, and in modern industry, collective bargaining provided the democratic way for employees to have an effective say in many matters of concern to them.

Mr. Mortimer said that it was no sign of weakness for negotiators to use conciliation and arbitration facilities such as those provided by ACAS. However, they should be seen as "a supplement and not as a substitute for direct collective bargaining."

"Trade union organisational strength—or power, as Bevin described it—was needed not as an alternative to negotiations but as the means to effective negotiations. Voluntary discipline and support for unions' constitutional authority was needed for good collective bargaining arrangements.

Trends within the trade union movement towards closer working and amalgamation should be encouraged, Mr. Mortimer said. Although fragmentation of representation was sometimes unavoidable, given the way in which trade unionism and employers' organisations had grown, it might present obstacles to workers and employers.

The TUC arrangements for dealing with inter-union friction deserved the goodwill and support of all.

Trade union recognition had presented ACAS with some of its most difficult work. Mr. Mortimer recalled that Bevin, because of his drive to overcome fragmentation and develop the power that solidarity could provide, was nearly always hostile to "breakaway organisations or to an invasion by one union into the sphere of influence of another."

Bevin, Mr. Mortimer said, had a strong sense of trade union discipline. When his union had established negotiating rights or a sphere of influence he was frequently generous in his attitude to other unions whose roots and role he respected, but he was intolerant of breakaway organisations or deliberate raiding.

"He demonstrated this on a number of occasions in relation to attempts to form breakaway organisations among sections of the membership. The need to reduce trade union fragmentation of representation is still with us to this day."

Journalists may take action

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS of 9,000 provincial journalists are planning industrial action from November 20 in support of a £20 pay claim well in excess of the Government's 5 per cent pay guidelines.

The plans will be formulated next Saturday at a meeting of chapel fathers (local branch leaders) of the National Union of Journalists from provincial newspaper groups throughout the country, including Northern Ireland.

The 300 or so chapel fathers involved will then be instructed to hold mandatory chapel meetings on the issue in the run-up to the date set for action.

Newspaper Society employers' negotiators last week offered the journalists a 5 per cent rise and promised to consider a further increase if Government pay policy was different by mid-December.

Union leaders, however, have rejected any attempt to follow the Government's pay policy which, they argue, has been disregarded by some major employers in the private sector. They expect a grass-roots reaction against an offer which adds only £3.20 to basic rates and which, the union claims, does not accept that there is a "pay crisis" affecting long-serving senior journalists in particular.

The employers have offered to argue the case for special rises for senior journalists with the Department of Employment but the union is demanding a commitment to a figure first.

Basic rates for qualified provincial journalists at present are between £60.92 and £66.82 a week.

In a circular to its provincial members explaining the £20 claim, the union urged an immediate start on improving pay to bring an end to "the drain of talent" that was taking place. It warned that senior jobs would go unfilled and papers would have to depend "to an even greater extent on trainees who are expected to live on starry optimism rather than a decent living wage."

Wyeth dispute taken to arbitration committee

BY NICK GARNETT, LABOUR STAFF

A UNION claim for greatly improved pay and conditions at the John Wyeth pharmaceutical company is to be made today at the Central Arbitration Committee after a disagreement over union recognition.

The Advisory, Conciliation and Arbitration Service recommended this year that the Association of Scientific, Technical and Managerial Staffs should be recognised by the company for collective bargaining on behalf of about 100 salesmen.

The recommendation has never been put into effect in spite of further conciliation by ACAS.

The union is now submitting a claim under section 16 of the Employment Protection Act, which allows the CAC to set new pay and conditions, after a failure to implement an ACAS recommendation, to the standards that would apply if a union were recognised.

If the CAC sets new pay and conditions and a company fails to implement them, the union concerned may pursue the matter through the county courts.

The union said yesterday that its claim involved pay increases of about 35 per cent, improved bonus arrangements and fringe benefits including car allowance and sabbatical leave. The claim had been justified by a comparison with 30 other similar companies.

East Kilbride jobs boom

A TOTAL OF 1,365 new jobs in industry have been created in the past six months in East Kilbride New Town, Scotland, and of these 1,187 were in manufacturing industries.

Most of the increase has been in the labour forces of existing and expanding industrial companies. In the same time, 22 new industrial companies set up in the Town, and their eventual employment potential is 722 jobs.

Train drivers will 'take law into own hands' on bonuses

BY OUR LABOUR STAFF

TRAIN DRIVERS throughout the country were threatening to take the law into their own hands and stage industrial action over the outcome of the inquiry into a British Rail bonus scheme, Mr. Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, said yesterday.

A senior union official has already warned that a series of one-day strikes Southern Region drivers are asked to begin this month would lead to "utter and complete chaos."

The union's executive meets on Thursday to decide on action over its failure to win a claim for parity with pay-train guards. Mr. Buckton said that it would "have to face the fact that a lot of the lads are taking the law into their own hands."

Strength of feeling on the findings of the Railway Staff National Tribunal was such as he had not witnessed "for a long, long time."

The union originally demanded "responsibility payments" for its 27,600 members to bring them into line with bonuses of £5.75 a week to pay-train guards. But the tribunal, under the chairmanship of Lord McCarthy, the industrial relations expert, recommended extra money for only drivers on the 125 mph high-speed train.

Mr. Buckton said that the tribunal's recommendation would introduce a "totally unacceptable" system of classification. Reintroduction of bonus schemes would be a retrograde step.

Safety dispute stops Glasgow ambulances

GLASGOW AMBULANCE drivers were sent home yesterday, leaving police cars to take emergency cases to hospital for refusing to use Bedford CF 25 and 28 ambulances becuase of a dispute over wheel safety.

The ambulancemen claim the vehicles have a basic defect which causes the wheels to fall off at high speed. Their union says the amulances are safe.

Police cars were put on standby in Glasgow, Paisley and Greenock.

Southern TV men return

SOUTHERN TELEVISION is due back on the air today after agreement in a dispute involving technicians that has blacked out screens for more than a week.

Two hundred members of the Association of Cinematograph, Television and Allied Techicians walked out on October 27 in a dispute about overtime and productivity payments.

Southern Television, which is based in Southampton and serves 5m viewers, said that the company and union had agreed a basis for a return to work. It declined to give details.

Gas handlers likely to reject British Oxygen offer

BY NICK GARNETT, LABOUR STAFF

THERE WERE indications yesterday that a majority of drivers and cylinder handlers at the 46 depots within British Oxygen's gases division will reject the company's "final" pay offer of 8½ to 9 per cent.

The Transport and General Workers Union last night knew the decisions of mass meetings at only about one third of the depots.

Although most of those meetings had rejected the guideline-breaching offer, the overall position will not be known in detail until tonight or Wednesday.

The 13 depots in the company's *southern region appear to be* the most militant, and union negotiators said last night that workers at the Crawley branch had already voted to impose an unofficial overtime ban and work-to-rule.

Some of the biggest branches in the western and northern regions have overwhelmingly rejected the company's proposals, but there has been a split in the voting of workers in the eastern region.

Some of the mass meetings have made it clear that the size of the money offer is unacceptable. Union negotiators have been seeking rises of 14 to 15 per cent without any productivity element.

Some branches appear to have rejected the offer largely because of the productivity strings attached to it. These involve improved working flexibility.

Industry is looking with unease at the prospect of a dispute between the 3,000 drivers and cylinder handlers and British Oxygen. Last year a strike by the same group led to more than 30,000 lay-offs throughout manufacturing, which was starved of industrial gases. British Oxygen has about 80 per cent of the ndustrial gas cylinder market.

● The 8,000 manual workers at all six plants within Michelin UK have now rejected a 9 per cent pay offer, linked to increased productivity.

The company's union council will be reconvened to assess the position. Votes at some of the plants have already called for industrial action.

The offer involves "reinstatement" of a 3 per cent supplement, an increase of 6 per cent on earnings, and a further 2½ per cent if justified by improved productivity.

In return Michelin is seeking firm commitments from the workforce which the company says are essential to maximise output and so justify the offer's size.

Kodak workers to hold one-day pay strikes

BY OUR LABOUR STAFF

MANUAL WORKERS in the colour processing section of Kodak's Hemel Hempstead plant voted yesterday to hold a series of one-day strikes against the productivity element in the company's pay package which, with wage increases, totals 13 per cent.

The decision by 400 workers will increase pressure on the company to modify the productivity part of its offer, which is expected to yield a further 8 per cent on basic rates on top of the offered 5 per cent pay increase.

The whole offer is thought to be within Government pay guidelines.

Workers at the company's plants at Sunningdale and aMnchester have already rejected the productivity scheme, though a mass meeting of workers at Stevenage voted to give it a three-month trial.

Kodak can draw hope from the fact that workers at its Kirkby plant on Merseyside have accepted the overall offer, but the full picture will not emerge until the last of the mass meetings today.

Shop stewards, whose strike call on the whole package was rejected by the 8,000 workers, have not been putting forward any recommendation on the offer at the mass meetings. But they have made it clear that they found the productivity element unsatisfactory.

CBI at BRIGHTON

Secret ballots urged before strikes

By David Churchill

A STRONG attack on the power of trade union leaders was launched by Mr. John Greenborough in his presidential address to the conference.

Mr. Greenborough made clear his support for the holding of a secret ballot before union strike action was taken.

"We are not convinced that the opinions expressed publicly by the national union leaders, and particularly those of shop stewards, are truly representative of the majority of the union members," he said.

Workers should be allowed "without hindrance to express freely their individual views on all issues, particularly on strike action."

Important

Perhaps the two most important words in the English language at this point in our history were Secret Ballot.

Change would not happen quickly, but was "bound to come as the ultimate sanction on any issue such as this comes from public opinion, and that opinion progressively voices increasingly great concern on this issue."

The power of trade unions had put the nation at "a point of dangerous disequilibrium." The task of creating a new balance must be the responsibility of politicians.

"But industrialists and managers have an enormous role to play by their ability day in and day out to exercise persuasive leadership in their own field."

Industrialists should stress the need for self-discipline "among all who make up the industrial team in their own enlightened self-interest."

It was the aim of the CBI to offer such persuasive leadership. While acknowledging that it was difficult "to conceive how we could create countervailing power as such," Mr. Greenborough believed that a great deal could be done through greater employer solidarity.

"Once real understanding has been achieved as to the cause and effect of the action we all take on our living standards and our job security, then we can anticipate some movement towards consensus, which will in turn lead us towards the ultimate — enlightened self-discipline."

Edwardes advocates profits and growth to offset high taxes

BY LISA WOOD

A CALL to "let profits rip," thus enabling UK businesses to breathe again, was made yesterday by Mr. Michael Edwardes, chairman of BL, speaking at the Confederation of British Industry's national conference in Brighton.

Mr. Edwardes, introducing the session on taxation, said that, while work was very important, so was reward, and by that he meant: after taxation, rewards.

There were three votes taken after the debate: on reducing income tax, the timing of this and possible cuts in the public sector.

The conference unanimously endorsed CBI policy of focusing on the need to reduce income tax, claiming that this would support the objectives of defeating inflation, improving competitivenes and expanding the economy by increasing personal incentives.

But there was some disagreement expressed on the timing of the implementation of the policy. About 40 of the 1,200 delegates voted for almost immediate implementation of tax cuts. The CBI had called for a "phased programme," thus avoiding sharp increases in the burden of indirect taxes.

Incentives

About 20 delegates also objected, by a show of hands, to the third motion, on the CBI's policy of stabilising Government expenditure at today's levels in real terms, up to 1981.

One speaker, however, did talk with some heat on the problems of cutting public expenditure by local authorities.

Mr. Edwardes said that the present high rates of taxation demotivated workers, including Kevin Keegan, the footballer, driving many out of the country to seek work where there were greater after-taxation incentives. Taxation also dissuaded employees from working over-time, many preferring to "moonlight" where they could do jobs free of tax.

Present taxation also discouraged investment and risk-taking, depriving the individual of his ability to save and decide how he should spend his earnings.

Quoting Sir Francis Bacon, Mr. Edwardes said: "Never will a people so overloaded with taxes become valiant and martial."

The top rate of taxation should be cut to 50 per cent with rates starting at 25 per cent of earnings. "We must remove hundreds of thousands from the taxation net." Expressing scepticism on the effectiveness of Tory and Labour Governments, he said that this could be paid for by either party, if they had the will to do it.

There were three methods of "paying" for reduced income tax rates. The first, which is CBI theory—that the growth in the economy would fund a 30 per cent cut in personal tax, provided total public expenditure was kept constant in world terms until 1981-82—was a good idea, but a cautious view should be taken of forecasts concerning growth in the economy.

The second method was to cut public spending. In his role at BL, he could not plead for cuts, although there had been a time when he was better placed to be objective about such matters.

Mr. Edwardes favoured holding public spending at its "present high level" with companies paying more tax.

Quick to ask the conference not to drum him out of court, he said that, by this, he meant "letting profits rip."

"Let prices go free, the market competition will determine the issue." The profits and growth in industry would pay the increased taxes.

He would not like to see a reduction in the National Insurance surcharge: "Personal taxation is the public enemy No. 1."

Advice to proceed with caution in the introduction of greater indirect taxation, came from Mr. Richard B. Lloyd of Hill Samuel and Company. He said: "Better to hasten slowly and arrive," rather than move in a swift way with attendant inflationary dangers.

Mr. Norman Clare, of E. A. Clares and Sons, spokes of the problems of capital transfer tax in small businesses.

Sir Emmanuel Kaye, of Lansing Bagnall and the Unquoted Companies' Group, said that Britain's capital taxes were the highest in the world. He urged the CBI to put its full weight behind a roll-over in CTT.

Mr. Bruce Sutherland, of Harris and Sheldon Group, was one of the strongest advocates for immediate tax cuts. He said that, if dramatic effects were wanted, dramatic actions should be taken.

As well as speaking on the cutting of the basic rate of taxation to 25 per cent, with a top rate of 50 per cent, he suggested abolishing National Insurance, the introduction of an employer's social security tax on 20 per cent of all payrolls, a flat VAT rate, and the cutting of Government spending by 5 per cent in real terms.

Avoidance

If CBI policy was taken as it stood, it was like the priest's plea of "Oh, God, save me from sin—but not now.".

Mr. Peter Trew, National Federation of Building Trades' Employers, endorsed Mr. Sutherland's call for immediate action on tax, and advocated an increase in VAT, possibly up to 15 per cent, as a way of increasing indirect taxes.

While Mr. John Crowe, of Imperial Chemicals Industries, spoke of the decline in "tax morality," Mr. Denis C. Cross, director of Hambros Bank, spoke about anti-tax avoidance regulations.

Mr. Alfred Gooding, chairman of A. J. Gooding Group, brought a new dimension to the discussion with praise for his Welsh employees, who, he said, wanted to work overtime, and, in fact, did so, but who complained most vociferously about taxation on their efforts.

Sir Leonard Neal, director of Pilkington Brothers, spoke with fervour against the "deaf mutes of Downing Street," whom he said needed constant reiteration of the disincentive effect of the present tax system.

He spoke of the basic dilemma of a society that needed to maintain itself as caring, as well as needing to create wealth. "When will we ever learn that we must create the wealth before we can share it?"

Mr. Gerald Mortimer of Consolidated Gold Fields outlined some of the problems facing local authorities. He spoke of the social and economic benefits of local government spending and said that it came under closer scrutiny than did central Government in its spending.

A staunch opponent of local government reorganisation, and adverse to any changes in the rating system, he said that local governments were doing their best to hold levels of spending.

Mr. Francis Elvy, general manager of Sperry Gyroscope, attacked social security benefits and called for a negative income-tax system integrated with the social security system, which would mean that strikers, for example, would, at the end of a strike, have to pay back their tax rebates.

Mr. Kenneth Dixon of the British Railways Board summed up the tone of the conference with a call for the State to encourage the thrifty, enterprising and hard-working and not the lazy, work-shy and scrounging.

He called those responsible for the taxation system as people seeing themselves as Robin Hoods, taking from the rich to give to the poor, but who were, in fact, robber-barons.

Sir Adrian Cadbury of Cadbury Schweppes, summing up the debate on taxation, reiterated the need to restore personal incentives at all levels.

CBI policies should not be seen by the public as those of a narrow interest group but rather as policies serving a very wide community.

Productivity must rise before working hours are cut, say delegates

TRADE UNION demands for a shorter working week were strongly opposed when the conference debated productivity and employment, writes David Churchill.

Delegates unanimously endorsed a policy that "without substantial improvement in productivity and unit labour costs, companies should resist claims for a shorter working week."

The conference called on the Government to reduce inflation further as its prime policy objective. It declared that, as a country, "we should create and use more skills: increase incentives at all levels; reduce the mismatches between the unemployed and available jobs; and deal with structural problems such as inner urban decay and youth unemployment, which are of particular social concern."

Leadership

Lord Carr of Hadley, former Conservative Employment Secretary, opened the debate with a reminder of the Confederation's policy programme of two years ago which, if implemented by the Government, would create an extra 1m jobs.

"This is still our target. It is ambitious, but it can be done.

"But it is now clear that keeping unemployment within tolerable bounds is going to be far more difficult than most people realised only a few years ago."

The only means of increasing employment was to sell more goods and services in demand at home and abroad.

"We are more dependent on foreign trade than any other major industrial country and we cannot opt out."

UK industrial productivity was too low, and that led "straight down the road to the dole queue."

Union fears of high productivity leading to a loss of jobs was wrong. "We must now look to trade union leaders to start giving much bolder leadership to their members on this vital matter."

Outdated attitudes by trades unions were not the whole story. Governments were also to blame for "imposing taxation and other policies which discouraged enterprise and innovation."

Managements were at fault for failing to give the necessary leadership and initiative. As long as UK productivity was so low, therefore, "it would be suicidal for Britain to be the pace-setter in the move towards shorter working hours."

Costs and prices would rise, exports be lost and unemployment increased.

That point was echoed by Mr. B. Hill, of Charles Hill, Bristol. "Let us match European productivity before making things worse at home by a shorter working week."

Mr C. Pike, of Watts, Blake, Bearne and Co., agreed that although a shorter working week was folly, a case existed for eliminating excess overtime. His company had had no paid overtime for eight years.

Several speakers pointed out potential benefits and dangers in widespread introduction of micro-processor technology. Dr. B. Lindley, of Era, called for a new effort to invest in micro-processor technology to increase jobs in the long run and make better use of people's time. But he gave warning of the short-term effect on employment.

Mr L. Seeretan, of Manpower, called on the confederation to take the initiative in approaching the TUC so that companies and unions could pool their knowledge of new productivity measures and "end the them-and-us situation."

Sir Hector Laing, chairman of United Biscuits, emphasised that strong leadership by management and more effective communication with the workforce would do most to improve productivity.

The only way for companies to change attitudes was to lead from the top. The chairman or chief executive should talk regularly to employees and a strongly organised chain of command should ensure a two-way flow of information and decision-making.

Consequence

The position had to be reversed whereby workers appealed to shop stewards over every trivial complaint rather than take it to management, Sir Hector said.

Sir Raymond Pennock, a deputy chairman of ICI, who summed up the debate, observed that unemployment would not be wiped out by job creation. "This is tackling the consequence of the problem when we should be grappling with its source."

Job creation measures were "at best a temporary palliative, putting off the evil day, and at worst a cruel deceit building up expectations when the training is finished at the end of the programme.

"We cannot solve unemployment by work-sharing and a shorter working week." Nor could unemployment be removed by controlling inflation with stricter price control: profitability was too low.

Other speakers included Mr. I. Bonas, of Bonas Machine Co.; Mr. D. Bampton, of Bampton Bros.; Mr. G. Richardson, of ICFC Numas; Mr. N. Cooper, of STC; Mr. H. Hobrow, of the Gauge and Toolmakers' Association; Mr. R. Venables, of Henry Venables; Mr P. Ellis, of British Sidac; Mr J. Hooper, of Armstrong Equipment; and Mr. R. Lander of Lander Alarm Co.

No basic conflict, members decide

DELEGATES BACKED a resolution which rejected "any suggestion that there is a basic conflict between the requirements of industry, financial institutions and the national interest," David Churchill writes.

Mr. Ronald Peet, director and chief executive of the Legal and General Assurance Society, and chairman of the British Insurance Association, told the conference that the resolution was prompted by the continuing desire of some sectors of the Labour movement to gain control of institutional funds.

The TUC had put forward a plan for a £1bn a year investment fund to be financed by the insurance companies and pension funds, and by money from North Sea oil. But, the TUC had not, so far, outlined the investment criteria it intended to apply in managing "this cosy benevolent fund. It seems we are asked to pay up first and hear later."

Lame ducks

It was a waste to feed the hard-earned savings of investors to a "flock of lame ducks."

Both industry and the financial sector had submitted overwhelming evidence to the Wilson Committee that it was not a shortage of external finance which had restricted UK industrial investment, but rather a lack of confidence in the stability of the economy and in prospects for profitability.

"We all want to see an improvement in the performance and profitability of British industry, but this is not going to be achieved by milking insurance companies and pension funds to support investment projects which cannot be justified on commercial grounds."

If the Government believed certain investments were desirable on social grounds alone, they should be financed through the tax system and "not by picking the pockets of the prudent," said Mr. Peet.

Other speakers in the debate included Mr. E. Chappell, from Morgan Grenfell; Mr I. Hall, from the Clerical, Medical and General Life Assurance Society, and Mr Timothy Royale, from Hogg Robinson.

'No more nationalisation' call

FEW HANDS were raised at the CBI national conference in Brighton against a motion calling for no more nationalisation and phasing-out of most forms of selective assistance and subsidy at the earliest opportunity, writes Lisa Wood.

Mr. C. J. Chetwood, joint managing director of George Wimpey, and chairman of the contractors' group of the National Federation of Building Trades Employers, introducing the motion, said that the unpopularity of further nationalisation was realised by many "moderate politicians of the Left."

Yet a new system of "creeping nationalisation" had evolved. "With the increase in public ownership and the consequential patronage that goes with the letting of Government contracts for all types of industries, political pressures and policies can be forced on industry without Parliament's approval.

"We can all think of many examples where private and public bodies have been forced to submit to political decisions that are contrary to good commercial practice."

Mr Chetwood gave as an example the clause written into Government contracts earlier this year making a voluntary pay agreement mandatory, and imposing penalties for non-compliance without right of appeal.

"Thus we saw for the first time in Britain the forcing of industry to follow a policy that could not have been made law in Parliament, and the creation of a secret black list for those who supposedly had offended against this non-existent law."

The nation was becoming "swamped in bureaucracy." Whenever a problem arose there came a cry for a committee to be formed.

Mr. Michael Edwardes (left), chairman of BL, makes a point to Mr. John Greenborough, CBI president

Law to enforce worker-director plan rejected

LEGISLATION to force employee participation on companies was roundly condemned by the conference. After a lively debate, delegates voted by a large majority to ask the CBI council to think again on its policy towards legislation on participation.

The conference resolution had agreed to accept limited back-up legislation to encourage participation below board level. But so strong was the hostility to any form of legislation that Mr. John Greenborough, CBI president, agreed with a proposal from Lord Walkinson to remit the resolution to the CBI council.

In a separate vote delegates unanimously endorsed the CBI opposition to the White Paper on industrial democracy and to a Bill based on its proposals.

Delegates also recommended by an overwhelming majority that the CBI should develop and promote a voluntary code of practice to encourage the high nst arddaofsp — — — — standards of participation within companies.

Rejected

Opening the debate, Mr. Alex Jarratt, chairman and chief executive of Reed International, emphasised the three main points of the CBI's objection to the Government's proposals. He said:

1—"We reject completely the imposition of so-called worker directors over the heads of our shareholders.

2—"We reject completely the single channel or representation; all employees must have equal rights under the law.

3—"We reject completely any legislation that would force a rigid formula on companies when the real hope for participation lies in flexibility of application."

Mr. Jarratt said the Government's latest set of proposals on employee participation were "more delicately drafted than the brutality of Bullock but still retained far too much of the basic misconceptions and unworkable proposals that littered the original Bullock report."

The Government was now stressing the hope that participation would be voluntary and that statutory arrangements would be the exception. "But it is hard to resist the feeling that the obeisance to voluntaryism is a sprat to catch a mackerel."

Mr. Jarratt denied that employers doubted the importance of employee involvement in the company. "This is rubbish. I believe, as does the CBI and as did conference last year, that we will achieve our industrial objective only by involving increasingly those who will make our industrial revival possible.

"We believe that this involvement must start where all democracy starts, at the grass roots; that it has to accommodate the different cultures, activities and shapes of companies that exist in Britain today.

"And the most important requirement of all is the attitudes, the preparedness of those who will be involving themselves, be it management or the shop and office floor."

Enormous damage would be done by grafting on new structures—whether at board level or below—on to the "incredibly complicated" matrix of human and institutional relationship that comprises British industry."

The conference should not let the issue of legislation obscure the need for the proper development of employee involvement.

"Many companies are already well down this road and need

MR. ALEX JARRATT

Three main objections

little guidance on how to complete the journey. However, there are many who are less experienced and some—hopefully only a few—who do not wish to know."

Dr. Austin Pearce, chairman of Esso Petroleum, reminded the conference of the need to let employees air their views on participation mechanisms. None of the big unions which had given their views to Government had consulted its members on the shop floor.

Dr. Pearce also told the conference that multinational companies believed that the climate in the UK was no longer conducive to investment from overseas. Executives had told him that they had never seen confidence in Britain from overseas as low as it was today.

It was no surprise to hear that the Department of Energy was investigating why oil companies no longer were anxious to look for oil off the UK.

Mr. Ken Webb, chairman of Birds Eye, said that some sort of incentive was needed to boost participation in companies and suggested that such an incentive could be tax relief for companies.

The strong opposition to any form of legislation forcing employee participation was backed by Sir Geoffrey Hawkins, president of the Engineering Employers Federation.

He said that this attitude was based on practical experience in engineering companies and not on theory.

But Lord Plowden, from Tube Investments, felt that some fall-back legislation may be necessary to ensure that all companies improved participation.

Otherwise, if a minority of companies ignored increased participation there could be stronger legislation. Any decision by the conference should be deferred until the Government published its detailed proposals on participation in the form of a Bill.

Lord Watkinson, summing up the debate, acknowledged that the gut feeling was against legislation. He, therefore, proposed that the resolution be remitted to the council.

Earlier, Mr. Fane Vernon, from Ash and Lacy, described the CBI council as an orchestrated Mafia, but an extremely benign Mafia. He called for stronger leadership from management as well as participation.

Other speakers in the debate included: Mr. I. Norton, from Union International Co.; Mr. D. Burt, from Bowthorpe-Hellermann; Mr. Dennis Randolph, chairman of the Institute of Directors and Wilkinson Match; and Mrs. N. Potter, from the Federation of Sussex Industries.

CBI seeks electoral reform policy

FIRST STEPS towards the Confederation of British Industry's formulation of a pro-electoral reform policy were made yesterday at the federation's annual conference in Bright, writes Lisa Wood.

By a 2-1 majority, delegates agreed that the present political structure generated uncertainties that damaged industry and commerce and that any change must facilitate better industrial performance. The aim was a movement towards early reform of the electoral system.

Although the CBI set up a working party in 1966 to examine the implications of proportional representation, it has taken a neutral position on such reform until now.

Mr D. Nixon, CBI Scottish Regional vice-chairman, who introduced yesterday's motion, said an appalling inherent danger of Britain's present constitution was that it combined both the administration with the legislature, without an effective second chamber.

"Our electoral system then puts both in the hands of two alternating political parties, neither of which has ever been elected by a majority of the British peopleand one of which, in the foreseeable future, could be controlled by a minority within a minority.

"We are fast moving dangerously from a democracy towards an elected dictatorship."

Speaking on another section of his motion, he asked the CBI to reaffirm its view that the proportional assemblies for Scotland and Wales would add to costs and create more uncertainty for business. Only a couple of delegates disagreed.

Rituals

Mr H. W. Morris, convenor of the devolution committee of the CBI Welsh Council, said today's political system forced the two major parties to engage in "adversary politics," with each party on taking office ritualistically repeating what it could of its adversary's legislation.

While calling for proportional representation he outlined some of the snags, which could include fragmenting of parties, making coalitions more common and possibly leading to unstable governments.

Mr Philip Mayo, of the National Freight Corporation, said he had been appalled at the flippant tone on electoral reform adopted at the Conservative Party Conference. If the House of Commons would not let Britain have proportional representation at national level, could it not have it at local level, he asked.

Publicity wins priority

A RESOLUTION that the "CBI increase its efforts to communicate more effectively with the general public and to explain in simple terms its economic message" was agreed.

Some members had felt that the CBI, although successful in getting publicity in the serious newspapers, had failed to get across its economic message in the popular Press.

The nuts and bolts men bring it all to life

BY ELINOR GOODMAN

AS IF to prove to the Government that it is not only the TUC which is inhibited from entering into cosy agreements with Ministers by the attitude of its militant members, the Confederation of British Industry yesterday allowed its backwoodsmen to vent their passions on the rostrum.

Backwoodsmen, always referred to as such by CBI officials in London, are a breed of businessmen about whom the CBI hierarchy feels distinctly ambivalent.

Rumoured to be small and largely involved in the production of nuts and bolts in the Midlands, their inability to understand the more subtle machinations of the corporate state can be a source of irritation to those CBI lea... entrusted with the delicate job of negotiating with the Government.

On the other hand, they can be very useful as scapegoats when the going gets tough in those very same negotiations.

Their intransigence is quoted by the CBI negotiators in the same way as the TUC sometimes blames its problems in co-operating with the Government on its militant shop stewards.

Yesterday, combining both functions, it was these same backwoodsmen who finally brought the conference to life.

As at last month's Tory conference, most of the resolutions were framed in such a way as to be totally unobjectionable to anyone who had bothered to come to Brighton. The exception yesterday was part two of the resolution dealing with industrial democracy.

Asked to approve the CBI Council's acceptance of "limited back-up legislation to encourage below board level participation," the delegates representing some smaller companies rebelled.

The first sign of a protest came when a man from Union International argued that no such position could be endorsed until changes had been made to the industrial relations legislation.

His speech sent the clapometer, which until then had been barely registering on the party political conference scale, up to a new high. One delegate even tried to bring the audience to its feet.

Next to speak was Mr. Fane Vernon of Ash and Lacy, who in the brief history of CBI conferences has established himself as one of the most vocal representatives of the independent wing of the CBI.

Attacking the CBI as monolithic and undemocratic, he described the votes in conference as being orchestrated by the "Shell-ICI Mafia."

Repetition

The big business Mafia was out of luck yesterday, however. In spite of the support of speakers from companies like Unilever for the council's position on back-up legislation on industrial democracy, the platform agreed to rethink its policy.

The decision might have been different had the CBI gone the whole hog of imitating the TUC Conference and gone for a block vote. As it was, the smallest nuts and bolts manufacturer raised his hand on equal terms with the mass delegates from ICI.

The CBI negotiators will be able to use the vote in their negotiations with the Government as evidence of the passions aroused by any move to impose industrial democracy by law.

The debate on industrial democracy lifted the conference from a morass of moderation. So keen were the opening speakers to be apolitical that they seemed determined to say nothing remotely contentious.

At first it seemed as if repetition of familiar CBI policies was all the conference was going to be about. While no doubt believing as strongly in what they said as any delegate at the recent political conferences, the leaders of British industry seemed to have left their demagogic skills behind somewhere on the management ladder.

Hero

Lacking either the juvenile leads, who are now an established feature of Tory Party Conferences, or the octogenarian heroes of the Labour movement, it looked as if the CBI Conference was going to be without a hero.

It was left to Mr. Michael Edwardes, chairman of BL, to come to the rescue again.

Looking like someone who has just won the Duke of Edinburgh award for youthful enterprise, he admitted that he could not be entirely objective about public expenditure cuts but was more than whole-hearted in his endorsement of the CBI's demand for tax cuts.

Having got that off his chest, he went on to launch an impassioned plea for the use of secret ballots in union negotiations.

Had he had his way, the whole conference might have been sitting down and addressing the envelopes for a secret ballot at TUC, rather than listening to speeches.

Rees takes a tough line on prison officers' action

BY JOHN HUNT

A TOUGH line was taken by Mr. Merlyn Rees, Home Secretary, in the Commons yesterday, over the unofficial industrial action being taken by prison officers in pursuit of their claim for meal allowances going back to 1971.

At the same time, however, he did hold out an olive branch by agreeing that the question of meal allowances and retrospection could be included in the terms of reference of the inquiry into the prison service.

But he emphasised that the Prison Department was prepared to negotiate only with the executive of the Prison Officers Association in attempts to settle the dispute.

He also maintained that some of the prison officers who claim to be spokesman for the men did not even represent the majority of staff in the prisons where they worked.

Mr. Rees also hinted that in some instances officers could be in breach of the law if they were breaking their official code of conduct.

Speaking in the debate on the Queen's Spch, th Hom Sertarye... Queen's Speech, the Home Secretary said that earlier in the day, he had met officials of the Prison Officers Association (POA). They were "upset, to put it mildly" at the unofficial action.

At 11 am yesterday, he said, 26 out of 113 prisons were affected by industrial action. A further four were considering the position and, in addition, PParkhurst had been taking industrial action for some time.

There were 14 prisons in the south-east where industrial action was in operation, seven in the South-West, five in the Midlands and none in the north.

In 13 establishments the régime had been affected by the action. At one London prison, prisoners were not being accepted from the magistrates' courts.

The Home Secretary was interrupted b Mr. Robert Kilroy-Silk (Lab., Ormskirk) who recalled that last week he had said that the Government could not allow such events to occur.

In view of this, he wanted to know what action was now being taken to prevent it.

Mr. Rees told him that it was clear that the disciplinary code under which prison officers operate was being broken and that in such cases action had to be taken.

"If the law is broken, then the law would havse to take its course," he added.

However, he emphasised that before making any move along these lines, he would wait to see the turn of events during the rest of the day.

It had been suggested, he said, that the prison department had made an offer to some of the establishments which had been hit by industrial action. But that was completely untrue.

The chairman and general secretary of the Prison Officers Association shared his view that the action was contrary to the policy of their national executive.

"It is vital to the prison service that the proper channels of negotiation with the national executive should be preserved. The prison department will deal only with the national executive of the POA and with nobody else."

The terms of reference were now being drawn up before the inquiry into the prison service which was announced last week.

Mr. Merlyn Rees

The prison officers' executive had made it clear that they would expect the question of retrospective meal allowances to be included in the inquiry.

Authority

He saw no objection to this and hoped that the report would be forthcoming early next year.

bTe POA was a responsible elected body. "But some of the people who appear on TV are speaking without the full authority of those in the prisons they come from," he declared.

On vandalism, Mr. Rees suggested that local authorities should set up special centres at town halls, where people could phone in and report such instances.

At the moment, he said, very little was known about many such occurrences.

Over the past 20 years, the level of crime had risen relentlessly. At the moment, however, the rate of increase seemed to be slowing down. During the present year alne, more than £2bn would be spent on law and order—£300m more than in 1974.

The effect of the police pay award was being felt and wastage of staff quitting the force had fallen to 25 per cent below average. In the Metropolitan police, recruitment had risen by 27 per cent and wastage fallen by 30 per cent.

From the opposition front bench, *Mr. David Howell*, Conservative deputy spokesman on home affairs, said his party would back any steps Mr. Rees thought necessary to maintain law and order in prisons.

Nevertheless, he attacked the Government over its general attitude to the subject of law and order. In the last couple of years, he said, there had been a resurgence of public demand for policies which re-inforce personal and family standards.

"Politicians' response should be to stop blaming the situation, the media and the Opposition, and start giving a vigorous lead from the top. But we do not see this approach by Ministers."

Mr. Howell also suggested that there was a good case for removing the Prison Department away from the responsibility of the Home Office and once more making it a separate establishment.

Stay indoors, Tehran Britons told

BRITONS in riot-torn Tehran were "at little risk" but had been advised to stay indoors, Dr. David Owen, Foreign Secretary told MPs.

He also warned that the situation was changing all the time and could deteriorate. The British Ambassador was in close touch with the 10,000 British subjects in Iran—most of them in Tehran.

In a Commons statement, Dr. Owen said that British staff in the UK Chancery building, in the centre of Tehran, had not been maltreated, and there was no physical violence when the building was set on fire.

"We are now back in contact with our Embassy and will remain in close touch with them throughout this difficult period."

Anxiety

Dr. Owen recalled that, in announcing the establishment of a military government, the Shah had pledged that "after the restoration of order and peace, a national government to establish fundamental freedoms and hold a free general election, will be appointed as soon as possible."

Dr. Owen commented: "It is vital to make progress towards this end while avoiding the establishment of continued military rule, or inducing further bloodshed and a state of chaos."

Mr. Francis Pym, acting Tory spokesman on Foreign Affairs: "Iran is a close friend of Britain, so it has, therefore obviously caused the whole House considerable anxiety."

Stability in Iran "is very much in Britain's interest and in the interest of the whole western world. The reasons go a good deal wider than the oil supply factor."

Mr. Pym asked Dr. Owen if he had made any contingency plans for "the safety and protection of British citizens, if necessary." He also asked for a further statement later this week.

Dr. Owen agreed that stability in Iran was in the interest of Britain and the Western world. "More importantly, it is in the interest of the Iranian people. They will wish to form a conclusion as to their destiny.

"I hope the elections promised in August will in fact be held in June, if not before."

Mrs. Gwyneth Dunwoody (Lab, Crewe) asked Dr. Owen to impress on the Shah the importance of "true democracy" in Iran.

The Foreign Secretary said the Government had always supported Iran's modernisation and liberalisation programmes. The gap between the rulers and the ruled had grown in Iran over the years. "I believe the Shah is very conscious of the need to close it."

Dr. Owen told Mr. Peter Temple-Morris (C. Leominster) it was important to try to avoid discussion of personalities. "The issues are the principles. In this House we are committed to the freedom of the individual and would like to see fair and free elections."

Mr. Temple-Morris: "The best hope of liberalisation in that country remains now with the Shah and what he hopes to do—if his people will allow him to do it."

Mr. Tom Litterick (Lab, Selly Oak) said British arms and ammunition had been used to kill Iranian citizens, and asked if the Government intended to continue supplies during "this hopefully transitional period."

Dr. Owen said the whole question of arms sales was very difficult. "We look at these issues and keep them under constant review. At the moment we have thought it right to continue our support for the Shah and the Centre Alliance."

The Government would have to consider each individual arms sale.

Important

Dr. Owen told Mr. David Watkins (Lab, Consett) that the one extremely important thing was that Britain should not become involved in Iran's internal politics.

Mr. David Price (C. Eastleigh) praised the "tenacity and courage" of the British Embassy staff in Tehran, and called on Dr. Owen to instigate an inquiry within the Foreign Office into the security of British embassies around the world.

Mr. Peter Tapsell (C. Horncastle) asked whether measures had been considered in the event of interruption of oil supplies from Iran.

Dr. Owen told him there had been discussions in the OECD and the European Community about arrangements, should a "serious disruption" of oil supplies occur.

Some disruption had already taken place, but not enough to justify sharing arrangements. A lot would depend on what happened in the next few weeks.

Dr. Owen faced criticism from some Labour MPs for the support the Government had offered to the Shah.

Mr. Martin Flannery (Lab, Hillsborough) said that the Embassy had been attacked because of Britain's defence of the Shah—"the leader of a bloodstained tyranny."

Mr. Stan Newens (Lab, Harlow) said there had been no vestige of democracy in Iran over the past generation. The Iranian people had the same right to demonstrate for democracy and improved conditions as anybody else.

Dr. Owen defended recent arms sales to the Shah, but said the Government had never made a secret of its reservations about human rights in Iran.

"We must not blind ourselves to the fact that some of our criticisms have been taken account of," he added. "The danger at the moment is of anarchic chaos."

● Mr. Alex Lyon, Labour MP for York, claimed it was widely believed, and resented, in Africa that Dr. Owen was trying to instal Mr. Joshua Nkomo as President of Zimbabwe (the African name for Rhodesia).

He was convinced that the whites were losing the war in Rhodesia, and that the internal African leaders had lost most of their support, which was now going to Mr. Robert Mugabe, leader of the Zimbabwe African National Union, Mr. Lyon added.

Monetary policy 'starting to crumble'

BY RICHARD EVANS, LOBBY EDITOR

EVIDENCE was now mounting that the Government was in danger of losing control over its monetary policy and Ministers would shortly have to take action to restrain monetary growth, Mr. John Biffen, Conservative MP for Oswestry, claimed last night.

He forecast that action, which could involve a combination of curbs on public spending, increased taxation and an increase in Government interest rates, would be falsely blamed on present pay settlemtnts.

"How extraordinarily providential it is to have someone to blame for having to undertake these disagreeable duties of government . . . the guilt-transfer mechanism is already at work.

"It will be pay settlements at Ford's or British Oxygen which will be held aloft as the reasons that have compelled the Government to shore up a monetary policy that is beginning to crumble."

Speaking at a Commons dinner, Mr. Biffen, one of the most respected economic commentators on the Tory benches, gave four pieces of advice to the Prime Minister:

First, to stop playing the old politician's incomes policy trick of blaming others for the Government's own problems of economic management;

Second, he should require every spending department, except only for Defence and the Home Office, to prune their estimates for 1979, and there should be no legislation to provide additional finance for the National Enterprise Board.

Third, he should make use immediately of the regulator to raise revenue from alcohol, tobacco and petrol.

Fourth, he should seek to balance his spending and revenue in such a way that the country could look forward to lower rather than higher Government interest rates.

Mr. Biffen argued that sooner or later, the Government would be obliged to take action. The sooner "even this fag-end Government" addressed itself to these problems in their own right rather than casting around for scapegoats, the better it would be for everyone.

Left-winger attacks 'miserable 5%'

THE GOVERNMENT'S "miserable 5 per cent pay policy" came under fire from Labour Left-winger Mr. Dennis Canavan, MP for West Stirlingshire, in the Commons yesterday.

He complained that the Government had approved a 31 per cent salary increase for senior officials such as army officers and chairmen of nationalised industries.

He urged the Government to give a firm commitment to the civil service unions that it would accept the findings of the Civil Service pay research unit, "rather than impose the miserable 5 per cent limit on thousands of ordinary workers who make up the backbone of the public services in this country."

Mr. Charles Morris, Civil Service Minister, said the Government would consider the report which was expected in the next few weeks.

Oil tanker spillage costs 'to be recouped'

THE GOVERNMENT intend claiming reimbursement of the whole cost of clearing up the oil spillage from the tanker Christos Bitas, Mr. Clinton Davis, Trade Under-Secretary, told the Commons in a written answer.

Initially, spending on the anti-pollution operation would be met from public funds. It was too early to say when the full costs would be known.

Mr. Davis said the Merchant Shipping (Oil Pollution) Act 1971, implementing in the UK an international convention on civil liability for oil pollution, enabled the Government to claim reimbursement.

If necessary, the Government could also claim back the costs under the oil industry's voluntary scheme on liability for oil pollution.

Ten prosecutions have been brought for breaches of the UN sanctions on Rhodesia, Mr. Sam Silkin, Attorney-General, told the Commons.

In a written answer, Mr. Silkin said nine of these prosecutions had been successful and one was pending. Twenty-four prosecutions had also been brought for breaches of other legislation relating to Rhodesian sanctions, of which 21 had been successful. Three cases were pending.

"In cases where there have been convictions, fines ranging between £10 and £50,000 have been imposed. In some cases, where imports to the UK have been concerned, goods have been confiscated."

Tomorrow night, the commons will vote on the Order continuing the sanctions against Rhodesia.

In a Commons written question, Mr. Neil Marten (C. Banbury) asked whether extra payment for arriving at work on time was regarded as an "allowable" productivity deal within the Government's pay policy.

Mr. Harold Walker, Minister of State, Employment: "It is the responsibility of negotiators to ensure that self-financing productivity schemes, including those where payments are made in relation to timekeeping and attendance, are in accordance with the policy set out in the White Paper Winning the Battle Against Inflation."

School meals

The Government plans to increase the cost of school dinners by 5p a day from next September, Mrs. Shirley Williams, Education Secretary, told **Mr. Martin Flannery** (Lab, Hillsborough).

Tory MPs rebuffed over 'secret document' inquiry

BY IVOR OWEN

A STONE-WALLING response came from the Government in the Commons yesterday when Tory MPs pursued the demand for an inquiry into how a confidential Treasury document on the proposed European Monetary System reached the hands of **Mr. Brian Eedgemore** (Lab, Luton W.).

The issue was raised by **Mr. Hugh Dykes** (Cons, Harrow E.) during questions about a report recommending changes in the procedure of the Commons. But Mr. Michael Foot, the Leader of the House, refused to be drawn into any immediate comment.

"I dont think this issue arises on this question," he insisted.

Mr. Dykes claimed that Mr. Sedgemore, a prominent Left-winger and Parliamentary Private Secretary to Mr. Anthony Wedgewood Benn, the Energy Secretary, "passed round" the Treasury document—which outlines the possible effects for Britain of joining the EMS—at Friday's sitting of the Commons Expenditure Committee.

In calling for an investigation, he echoed the demand made by **Mr. Ian Stewart** (Cons., Hitchin), who serves with Mr Sedgemore on the Expenditure Committee, in a letter to the Prime Minister.

Mr. Foot was more forthcoming in promising a debate on the Procedure Committee's report to enable the House to consider the recommendation that the Select Committee system should be strengthened to allow all the activities of the Government to be monitored department by department.

But he again made clear his strongly-held view that the Select Committees should not be developed to a point where they might call into question the dominant role of the House of Commons itself.

Mr. Foot emphasised that the proposition that every Government department should be "shadowed" by a Select Committee would require very careful consideration by the House.

Mr. Frank Hooley (Lab, Sheffield, Heeley) aintained that radical changes in the procedures of the Commons were overdue, and he called on Mr. Foot to put aside his "medieval prejudice" and give positive suport to the procedure committee's recommendations.

Mr. Foot retorted that Mr Hooley was attempting to prejudge the debate. "I repudiate any suggestion that my views on this matter are medieval.

"It is just that I am very doubtful whether we should seek to graft upon this House the methods of government which they have in the U.S."

Replying to Mr. Francis Pym, shadow Leader of the House he agreed that MPs should have an opportunity to express a view on other important recommendations made by the committee, including possible new procedures for dealing with EEC business.

£85,000—for devolution

BY PHILIP RAWSTORNE

THE LABOUR Party is planning to allocate £85,000 to its devolution campaigns next year in Scotland and Wales.

The party's organisation committee yesterday asked for £50,000 from Transport House funds for Scotland and another £35,000 for Wales.

Some of the cash will be used to finance the campaigns for a "Yes" vote in the March 1 referenda on the Government's devolution plans.

The rest will be used in the Assembly election campaigns that will follow later in the year if the Government gets the 40 per cent vote it needs in the referenda.

This commitment to ensuring the introduction of the devolved governments in Scotland and Wales is likelyl to secure firm support for the Government of the Nationalist MPs in the Commons.

Labour's organisation committeee decided to send the party chairman, Mr. Frank Allaun, the newly-elected committee chairman Mr. Eric Heffer, and the national agent, Mr. Reg Underhill, as a "peace mission" to Stockport South Labour Party.

The constituency party has been bitterly divided by the selection as its General Election candidate of Mr. Tom McNally, special adviser to Mr. James Callaghan.

Mr. Anthony Wedgwood Benn, Energy Secretary, last night re-inforced Labour Party pressures on the Government to legislate, for State funds to finance election campaigns by political parties.

Ministers are at present considering whether some financial aid should be given to parties for the European elections next year.

During a discussion of the EEC elections by Labour's organisation committee last night, Mr. Benn moved that the party's national executive should be recommended to ask the Government to introduce legislation covering state aid for all election campaigns.

Mr. Benn's motion was passed by eight votes to four, and will be considered by the national executive later this month.

However, Mr. James Callaghan, the Prime Minister, seems unlikely to offer any concessions to the demands. Ministers are divided on the issue and the Conservatives are adamantly opposed to State aid for political parties.

Call to buy British cars

THERE ARE too many foreign cars in the Hiuse of Commons car park, **Mr. Gwilwym Roberts** (Lab, Cannock), claimed yesterday.

Mr. Roberts, who drives a British-made Allegro, will next week ask Mr. Eric Varley, Industry Secretary, to issue "further guidance" to public and private industry and individuals on the need to buy home-prouced goods.

"MPs in particular should play their part by buying British cars and not foreign ones," Mr. Roberts added.

Mr. Roberts has been told by **Mr. Alan Williams**, Minister of State, Industry, that excluding raw materials and goods associated with the international defence budget, Government departments obtain only 5 per cent of their requirements from overseas and the nationalised industries import only 3½ per cent of their supplies.

"These figures for the public sector are quite impressive," Mr. Roberts said. "But I am sure they are not matched by private industry which should be brought into line."

LOMBARD

The size of the dollar drop

BY SAMUEL BRITTAN

EVERYBODY knows that the dollar has fallen in value, but the question is: by how much? Everything depends on which index you use. It is no use looking at the dollar-sterling rate, because that reflects the performance of sterling as well, and both currencies have been weak at different times in the last few years.

The obvious course is to go for the "effective" rate, based on a weighted average change of the dollar against a basket of currencies. But this is not as easy as it may seem. The most widely quoted weighted average is probably the Morgan Guaranty Index, which showed on November 2, a drop in the dollar of 10.4 per cent compared with its level at the time of the Smithsonian Agreement of December 1971. But if instead you had looked at the Bank of England index based on IFM weightings the dollar would have shown a drop of 17.3 per cent.

Indices

Both indices showed that most of the fall had taken place since the middle of 1977—until then the dollar had been astonishingly stable. But it is important to have some idea of the size of the fall. Matters are not helped by the availability of yet a third high prestige index, the dollar against IMF Special Drawing Rights (based on a negotiated set of international weights) which showed a still larger drop in the dollar—some 16.5 per cent.

The reason why the Morgan Guaranty Index has always given such a modest impression of the dollar's decline is that it is based on a set of "bilateral" weights reflecting the importance of countries as trading partners of the U.S. The weights were published in Morgan Guaranty's *Financial Markets* of May, 1978. A weighting of 39.2 per cent is given to the Canadian dollar, which has also been in trouble and has fallen relative even to the U.S. currency.

Canadian trade is important for the U.S. and one cannot say that the weights are in any sense wrong. But clearly a Kuwaiti wondering whether to diversify out of dollars will not be inclined to give it the same weighting—nor even a European trader trying to take a view. On many indices the Irish pound has depreciated much less than the UK pound—even though the two have been rigidly linked and are for some purposes interchangeable.

The same issue of World Financial Markets contains another column of figures, giving a set of "multilateral weights." Here the weights depend on each country's share in the total trade of a group of 18 industrial nations. On this basis the weight of Canada—7.3 per cent—is no different for calculating the effective U.S. exchange rate than it would be in calculating the German or the Italian rate. Morgan Guaranty does not publish a regular index on this basis; but if it did, it would be about another six points down.

System

The IMF-Bank of England system of weighting is the most theoretically ambitious. It is based on a theoretical calculation of the trade effects of a 1 per cent uniform exchange rate change by any one country against the rest of the world, as would occur under a fixed rate system with no other countries following the one that moves. Any set of changes which would produce similar effects in the world in which we live is taken to be equivalent to 1 per cent. (This is a simplified explanation—the technical details are highly complex.) Even the IMF system gives Canada considerable weight (18.5 per cent) in the calculation of the effective dollar rate. (The figures are in the Bank of England Bulletin for March, 1977.)

The London Business School, which has an index closely related to the IMF one, has been tempted to recalculate it, excluding Canada. Purists may object: but the result shows a drop of a further seven points as a result. Applying the adjustment roughly to the November 2 rate, the Bank of England index would have shown a depreciation of 24 per cent rather than the 17 per cent one, actually recorded—compared with the Smithsonian level.

All these indices relate a country's exchange rate to other main industrial countries. They are basically constructed as an aid to the measure of international competitiveness. None of them may be particularly well designed to measure the effects on import prices and on the domestic price level. Neither the IMF/Bank of England weights, nor either of the two Morgan Guaranty sets take the primary producers or the oil exporters into account.

Yet if one believes that most of the effects of depreciation on competitiveness are soon eroded, then the lasting effects will be on import prices and the internal price level. We may all be discovering this in a practical way when OPEC looks at oil prices again in the light of the depreciation of the dollar.

Pinning down those wayward clarets

WINE

BY EDMUND PENNING-ROWSELL

NO WINE, surely, is more uncertain in development than claret. Others, such as burgundies, vintage ports, and even German wines pursue a course that is reasonably consistent and to some extent can be forecast. It may not be possible to pinpoint when they will reach their peak, and how finally they will rank on the vintage charts, but in general they follow a steady path.

Not so claret. As silk purses are still not made out of sows' ears, so the lesser red bordeaux are unlikely to blossom out into *grands vins*; nor will they generally keep as well as the finer chateaux wines, though these may turn out more wayward. That, no doubt, is to many the fascination of claret. Wines forward and easy to drink one year may seem closed up and dumb the next; and then may appear to develop unexpectedly quickly. Examples of temporary recession have been the '66s, '70 and, more recently the '75s. All seemed reasonably "open" when young, and then "went into their shells." Will the more supple '76s go the same way? Examples to me of accelerated development have been the '67s and '71s.

Yet a distinguished Bordeaux merchant has just told me his theory: after wines of good vintage have been in bottle for about five or six years, they may lose their tannin and increase their deposit. At this point the wine is disappointing and may appear past its best. However it recovers, and in support of his theory be quotes the '62s, which certainly have mostly turned out better than seemed likely ten years ago; and he is prepared to bet on it for the '71s.

Certainly it is interesting and informative from time to time to taste young clarets as they mature, but few of us own so many bottles of any one wine or even of any one vintage to feel like drawing the corks of expensive bottles for what may be termed mainly educational reasons.

It is, therefore, very valuable occasionally to be able to visit Bordeaux, where the opportunities of varied tasting can be greater than anywhere else.

For example, in a recent visit, I was able to sample a wide and generous range of wines from such chateaux as Latour, Haut-Brion, La Mission-Haut-Brion, Ducru-Beaucaillou, Figeac, Angélus, Pez and Loudenne, as well as the more recent vintages at other châteaux. And merchants, among them Delor and Mouelx, laid on fascinating tastings of various vintages: second-growth '73s and '74s in the former, '77 St-Emilions and Pomerols in the latter.

I may add first that this tasting is a good deal harder work than it may appear, and secondly that it would be a sad mistake to believe that it enables one to come up with the "correct answer." Certainly experienced brokers and merchants in the region would not claim that. Nevertheless a few personal impressions of the vintages of the 1970s may be of interest. They are given "with all faults."

1977 More than 30 were tasted, including all the first-growths except Margaux and Mouton-Rothschild; the latter I had sampled on an earlier visit. The wines have good colour, often a fruity bouquet, but I found a definite bitterness in most, stemming from the incompletely ripe grapes picked late after a dreary summer. Those châteaux that made a careful selection probably produced the best wine. For example Cheval-Blanc made only 20 *tonneaux* and Ducru-Beaucaillou 100 of *grand vin*, instead of up to 150 apiece. Of the firsts, I particularly liked Petrus and Cheval-Blanc, as they had more fruit than many of the left-bank wines, though Lafite and Haut-Brion were well above average. Latour, possibly in a bad patch, seemed to be less than its usual big, fruity self. Others that stood out for me were Leoville-Las-Cases, Ducru-Beaucaillou, Beychevelle, Lynch-Bages, Palmer, Pez, Evangile, La Fleur-Petrus, Pavie and Canon.

1976 Recently bottled for the most part, and difficult to taste. Some, including Latour, La Mission-Haut-Brion and Palmer, were thus not available. However others promised well, with fine "claret" aromas, and fruity well-balanced flavour. The list of those I liked would be too long to reproduce, but they covered to some extent all the main districts, except the Graves, restricted to Haut-Brion, so to most of the growths mentioned above for their '77s I would add for '76s Figeac, Rausan-Ségla, Duhart-Milon, Nenin and La Gaffelière.

1975 Most of the few I tasted remain very closed up, hard and tannic; having reached a stage at which though not very agreeable, their future potential can be seen. Latour, with its huge colour, powerful nose and body is a whopper, while Haut-Brion, La Mission-Haut-Brion and Pape Clément are all big distinguished wines, with real Graves flavour. Ducru-Beaucaillou is a big, fruity, backward St-Julien.

1974 After a poor summer the vintage took place in untypically cold, dispiriting but fortunately dry weather. The wines, hard, dumb and to me uncharming, seem to reflect this, though they have their optimistic soothsayers. Although with more stuffing than the 73s, they are much less yielding. Curiously enough, the Latour seemed to have more style than might have been expected, and both Brane-Cantenac and Ducru-Beaucaillou showed some promise. Will they ever open out?

1973 If these wines were strictly selected and not too sugared they now make very agreeable, light, ready-to-drink bottles, with no expectation of longevity. Among the small selection sampled in Bordeaux this time I would rate Léoville-Las-Cases among the best and its Médoc stable-mate, Potensac, very drinkable too, if rather sweet. Another success was Pichon-Lalande and once again Ducru-Beaucaillou.

1972 Those that I sampled and hastily spat still seemed disagreeably acid, and if one or two were less hard than others — for instance Latour — I personally cannot say more than that.

1971 All I tasted seemed charming, easy-to-drink wines. To avoid repeating names more than necessary, I would say that the Forts de Latour, the second wine of Latour, was exceptionally round and well-balanced and more forward than the *grand vin*. I also enjoyed Grand-Puy Lacoste and Palmer, while perhaps the outstanding wine of the vintage is Pétrus. All three seemed deeper-coloured and with more body than others now shewing a tell-tale brown tinge. But see the distinguished wine merchant's view above.

1970 Unfailingly good, so far as the half-dozen I tasted were concerned, with big colour, rich, fruity bouquets and lots of body and flavour. Among them Ducru-Beaucaillou stood out and so did Figeac and Pez.

Such was the state of play as seen in a necessarily limited way just before the recent vintage, but I trust that nothing written here will be taken down in evidence against me!

Pluvial is an untopical nap in Ticehurst Stakes today

RACING

BY DARE WIGAN

IN VIEW of the continuing absence of rain in the south of England, Pluvial is scarcely a topical tip at Lingfield today. However, I shall be surprised if this filly by Habat does not win the Ticehurst Stakes.

After a promising first run at Newbury, she finished a good third to Celtic Halo and Saturday's easy Haydock winner, Hadon, at Ascot at the end of September, and was then second of 16 to Explosiva at Warwick. The sharp track at Lingfield will suit her, and I expect her to lead all the way.

There is an adage that, in the absence of inspired information, it is sound policy to support top-weights in nursery handicaps, and that is one reason for suggesting that Faringdon Bell, whose 6 lb penalty, incurred as a result of a comfortable victory at Nottingham last Tuesday, is nullified by competent apprentice R. Muddle's claiming the full allowance, as the possible winner of the Crowborough Nursery Handicap.

Apart from his recent victory, I was impressed by his close third to Bluebell and Admiral Grenville in a similar type of event at Newbury in September.

Oldstock, a convincing winner on his first appearance at Newmarket on October 21, is likely to be too good for Sun Approach in Div. II of the Rotherfield Stakes.

Unless I am mistaken, Morse Code has the makings of a useful stayer, and this colt by the 1973 Derby winner, Morston, out of the dam of Royal Echo, is a confident selection for the Fosse Way Handicap at Leicester.

It was here, after 10 weeks' absence from the racecourse, that Morse Code, ridden by W. Carson, won his last race decisively over today's distance. Carson rides him again.

In fact, Carson, already assured of the jockeys' championship, looks to be the man to follow at Leicester. In addition to Morse Code, he partners Coyote, runner-up to La Pythie at the last meeting here, in Div. I of the Hoby Maiden Stakes; Lady of Man in the Tugby Handicap; and Pretty Prompt in the Autumn Claiming Stakes.

LINGFIELD
2.00—La Pythie
2.30—Faringdon Bell
3.00—Mr. Fordette
3.30—Pluvial***
4.00—Oldstock*

LEICESTER
1.15—Coyote
2.15—Lady of Man
2.45—Morse Code**
3.15—Pretty Prompt
3.45—La'don

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

THEATRES

HAYMARKET. 01-930 9832. Evgs. 8.00.

SAVOY THEATRE. 01-836 8888. Credit cards 734 4772.

TV/Radio

† Indicates programmes in black and white

BBC 1

9.38 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 The Record Breakers.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 David Essex (London and South-East only)
7.20 James Burke's Connections
8.10 Dallas
9.00 News
9.25 Play for Today
10.30 Tonight
11.10 Roads to Conflict
11.35 Weather/Regional News

All Regions as BBC-1 except at the following times:—

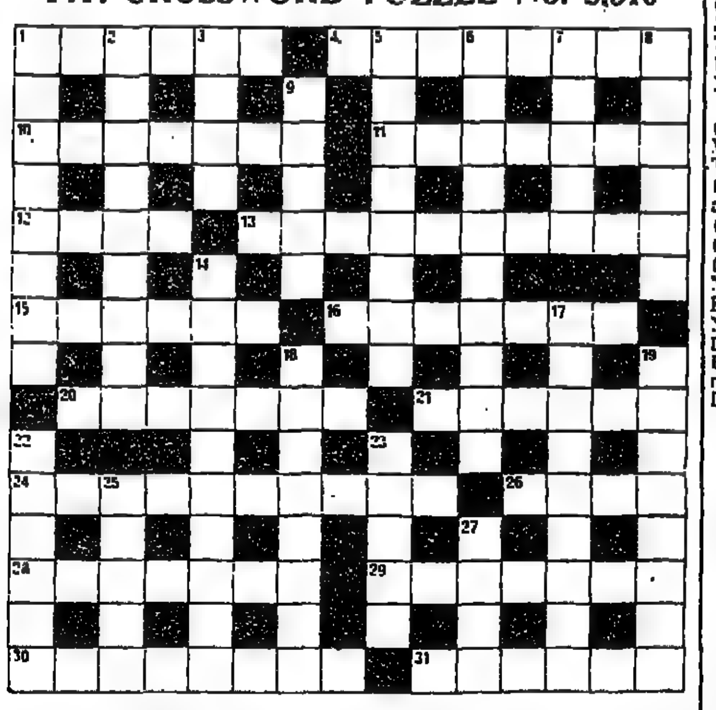
Wales—10.00-10.20 am I Ysgolion 5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.10 Pobol y Cwm. 7.40-8.10 It Ain't Half Hot Mum. 11.10 Dechrau Siarad. 11.35 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 6.50 Tom and Jerry. 6.55-7.20 Ballad Folk. 10.30-11.10 Tuesday Night. 11.35 News and Weather for Scotland.

Northern Ireland—3.00 pm Rugby: Ulster v New Zealand. 4.00-4.02 Northern Ireland News (joins BBC-1 "Play School"). 5.55-6.20 Scene Around Six. 6.50-7.20 Children and Their Music. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton) ...

F.T. CROSSWORD PUZZLE No. 3,816



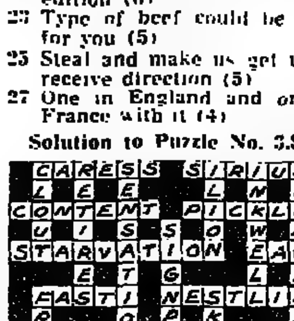
ACROSS

1 Recompense for communist accepting war (6)
4 Mode of transport supplied by Celtic Ry? (8)
10 Row about doctor returning is disgusting (7)
11 Enchantment from note the French love (7)
12 Cast off in garden hut (4)
13 What birds have that is an indication of being cold (5-5)
15 Tradesman who puts out his hands (6)
16 Announce it could be cleared (7)
20 Fish shot in wing? (7)
21 Deliver plaster (6)
24 Domestically meticulous with audience swelling (5-5)
26 Cut and reverse fasteners (4)
28 Moon about three-quarters full in a way but it's sheepish (7)
29 Extended silver ring in the distant past (4, 3)
30 Sent abroad wine! Indeed? (8)
31 Star goes round to create part with no movement (6)

DOWN

1 Telephone the team for a good seat (8)
2 What detergent manufacturers claim could be utter defeat (9)
3 The place to bring up a Mauretanian? (4)
5 Stop and carol (8)
6 Fellow on the floor looks dejected (10)
7 A bit of garlic left in a bay (5)
8 Hearty but could be unrefined (6)
9 Drank up in storehouse (5)
14 Popular publication or finest source of wine it's said (10)
17 Communist and German worker became superfluous (9)
18 The way in for transport (8)
19 Screen part put up for actor's means of exit (4-4)
22 Disgraced by counterfeit edition (6)
23 Type of beef could be good for you (5)
25 Steal and make us get up to receive direction (5)
27 One in England and one in France with it (4)

Solution to Puzzle No. 3,815



هكذا من الأصل

How Puch took the lead in the U.S. moped race

BY PAUL LENDVAI

WHEN, four years ago, Dr. Franz J. Leibenfrost joined the Board of Steyr-Daimler-Puch, the largest non-nationalised Austrian company, he was a little-known figure in the country. Today, although still only 40, he is widely regarded as the man primarily, *if not* solely, responsible for the most impressive success story of Austrian industry in the United States: the emergence of Puch mopeds in less than two years as the absolute leader of the highly competitive U.S. moped market. Puch account for 35 per cent of total sales this year.

Dr. Leibenfrost put forward a new sales strategy at a very critical stage in the development of this old-established company. In 1974-75 Steyr-Daimler-Puch was faced with a serious crisis in the two-wheel sector when Sears Roebuck, the U.S. mass merchandise chain, cancelled as of January, 1975, its orders for bicycles. At that time they accounted for *half* of the output in Steyr's plant at Graz in the province of Styria. Oblivious of the trends indicating a change in consumer preferences, the previous management had been planning to double output of low-priced bicycles with two-thirds to be sold overseas.

Approach

From the start, Dr. Leibenfrost adopted a completely different approach: company resources should be put into knowledge-intensive branches to manufacture products of higher added value than bicycles. He was convinced that the company should move up-market and turn out both high-quality mopeds and also expensive bicycles of superior design and specification. He also felt that the only real growth prospects were to be found in the U.S. and Brazil.

He suggested a major entrepreneurial operation in the United States and put forward the name of Mr. Robert Yung, a Peking-born naturalised American management consultant and marketing expert, as future President of the new Steyr-Daimler-Puch of America Corporation. In the eyes of some old-timers in Graz and Vienna, this appointment seemed to prelude disaster: Mr. Yung was a newcomer to the motor industry; he was a Chinese-American, who had previously never even heard of Steyr, and he was starting an entirely new business in one of the most competitive markets in the world on behalf of an Austrian firm thousands of miles away.

STEYR-DAIMLER PUCH

THE company's turnover in 1977 was Sch 10.5bn (£388m) with a net profit of Sch 237m (£33m). Its own production was worth Sch 8.7bn (£322m) with exports accounting for 57 per cent. The company's basic capital of Sch 1bn (£37m) was raised in February to Sch 1.2bn (£44m). In 1977 the labour force was 16,926.

Sales of commercial vehicles and agricultural machinery in 1977 totalled Sch 4.3bn (£159m), two-wheel and cross-country vehicles Sch 2.3bn (£85m) and ball and roller bearings Sch 1.6bn (£59m). The company also manufactures rifles, ammunition and light tanks, and is Fiat's chief representative in Austria.

Major foreign ventures include lorry and tractor plants in Greece and Nigeria (now being erected), co-operation with Daimler-Benz, Klockner-Humboldt-Deutz and BMW in producing cross-country vehicles and diesel motors. The company also has a long-term sales and technological co-operation agreement with Pol-Mot, the Polish state foreign trade agency.

But then Franz Liebenfrost himself is not exactly the prototype of a conventional manager operating in a small land-locked central European country. After graduating from Vienna University, he completed a one-year course at INSEAD (Institute Européene d'Administration des Affaires), the French management school, in Fontainbleau, before joining BASF, the vast West German chemicals company. Following a two-year spell at the head office, in Ludwigshafen, Dr. Liebenfrost spent eight years in the United States, rising finally to the post of a vice-president in charge of system analysis and corporate planning.

Although his main job is a member of the Board of the parent company in Vienna, it was his background that helped him in his capacity as chairman of the Board of Steyr of America to find the top management of the right style and quality for a sophisticated operation. He believes that the success of the company depends not only on structure and organisation but above all on the motivation of people who work in it. The initial impulse came from him—but the breakthrough in only two years to the pre-eminent position in an expanding American market would have been impossible without an able and dedicated team on the spot.

Robert Yung has a somewhat unusual background. Born in Peking in 1934, he was educated at MIT and in Paris, and ran the remnants of his family's textile empire in Hong Kong before working as a consultant in Germany—where he met Dr. Leibenfrost. His current team in the U.S. includes two vice-presidents in charge of finance and the firearms division respectively, along with some others who were "lured" by Dr. Leibenfrost from BASF. He also has a handful of sales, marketing and other executives who were working previously for major competitors, such as the French Motobecane or for large chain stores.

The Leibenfrost-Yung duo managed to attract key people because they found the Puch experiment "immensely exciting." Mr. Yung faced the problem of market penetration which had to be achieved with a vehicle virtually brand new to the U.S. Knowing your competition in the take-off stage was evidently one of the keys to a successful market strategy.

"It was better to start from scratch because we could shape the company better and were able to adapt quickly to changes in legislation. The product quality was right for identity but at the same time identity was not strong enough to attract enough consumers. Thus we had to establish credibility for the 'Made in Austria' label," Mr. Yung says.

From the start Mr. Yung and his associates have put the emphasis on talking to dealers, finding the gaps in the markets and providing a comprehensive and flexible dealers' support programme. "Our experience shows that marginal changes in selling prices could not offset more fundamental competitive disadvantages. Our sales upturn has been primarily due, on the one hand, to the right production mix at the right time, and on the other to the computerised parts delivery system and an extensive dealers' support programme," he adds.

There is surprisingly close contact between the regional outposts and important dealers and the top men in the U.S. head office in Greenwich, Connecticut. Puch models are compared objectively with competitors and the latest dealers' handbook admits that they ran short of stocks in late 1977 and had to fly in extra models to meet the Christmas demand. The company also flew in technicians and retro-fit kits from Graz to meet speed requirements for mopeds which differ from state to state.

The U.S. Department of Transportation's National Highway Traffic Safety Administration established a separate category for mopeds and removed them from the motorcycle category in September, 1974. The moped is therefore a relatively new product in the U.S.

Steyr of America was second to none in expanding a dealers' network in line with the growing number of states which passed legislation about the use of mopeds, even though the regulations varied from one state to another. By the end of 1975, nine states allowed the use of mopeds—and Steyr had only 50 dealers. One year later the number of states passing laws on mopeds rose to 20 and Steyr dealers rose to 500. In 1977 there were 1,200 dealers operating in 33 states, and by the end of this year there will be some 2,000 Puch dealers in the 40 states which are expected to have sanctioned the use of mopeds.

A highly targeted distribution strategy based on three self-contained regional offices and supply centres in Jacksonville, Florida, Chatsworth, California and Grand Rapids, Michigan, was another important factor assuring Puch's success.

Dr. Franz Liebenfrost (left and Mr. Robert Yung, respectively chairman of the Board and president of Steyr of America.

In 1975 the U.S. market absorbed 25,000 mopeds—Steyr-Daimler-Puch sold a mere 175 units. By 1976 total sales in the country reached 80,000 with Steyr's Puch models accounting for 17,000. 1977 was a year of further expansion with 175,000 units sold in the U.S. as a whole and Puch reporting 51,000 mopeds on the roads. This year sales are expected to jump to 120,000 accounting for 35 per cent of the U.S. market. It is forecast that by 1980 the number of mopeds in use may well reach 1m, and about 1.5m to 2m units, in the next five years.

The Steyr management, however, is well aware that powerful competitors such as Motobecane and Peugeot (France), Batavus (Netherlands), Agrati-Garelli and Piaggio (Italy), and Honda (Japan) are emerging in full force and planning to set up production plants.

An investigation of the "buyer profile" has revealed that the average buyer going to a dealer is 41 years old, has an average income of $25,000 plus and uses mopeds mainly for leisure. The buyer of a moped sold through mass merchandise is 34 years old, has an average annual income of $18,000 to $25,000 and buys mopeds for supplementary transport plus pleasure.

Surveys indicate that in the U.S. the moped will enjoy its biggest popularity as a basic personal short-haul transportation vehicle because of its economy and practicality.

This is one of the reasons why Steyr-Daimler-Puch earlier this year signed a pioneering three corner deal with Murray Ohio, the largest American bicycle producer and with the two largest mass merchandise chains, Sears Roebuck and J. C. Penney. From 1979 Murray Ohio, in its plant in Brentwood, Tennessee, will assemble 80,000 mopeds with Steyr providing motors and gears and the U.S. partner providing the frames, with the final products sold by the mass merchandisers under a private label. This year the Austrian company has directly supplied 30,000 units for the two mass merchandisers.

Factors

Several other factors also contributed to Puch's success story. "You are not just a number, you are involved personally because the Austrian parent company appreciates your work," says Mr. David Beesley, who is general manager of the southeast division in Jacksonville, Florida, and in charge of the "Sun-Belt" states which comprise about 20 per cent of the U.S. population. He was previously running Volvo's operations on the East coast, in contrast to Mr. George Kauner, general manager of the western division, who was director of a small merchant bank in London dealing with corporate finance before joining Steyr.

Commenting on Steyr's American management, Mr. Yung says: "If you are to attract the right sort of men, you must give them responsibility for all aspects of their operations. Each regional office is a profit centre and is allocated an agreed level of working capital at the beginning of the new financial year." At the same time, top management knows that there is a relation between reward and performance.

Full backing was given to the U.S. venture by Mr. Michael Malzacher, chairman and director general of the parent company, and the direct involvement of the company's majority shareholder, Creditanstalt Bankverein, helped to motivate the men in the American outposts.

The Steyr Daimler Puch concern has an annual turnover of £400m and its plants, employing more than 17,000 people, turn out a variety of products, ranging from lorries and tractors to precision rifles, ball bearings and cross-country vehicles. Mopeds, with estimated total sales of £50m to £55m this year, have emerged as the second most important activity.

But since Puch is the leading moped exporter in the world with 87 per cent of the output sold abroad, the steady appreciation of the Austrian Schilling vis-a-vis the dollar casts an ominous shadow over future operations in the U.S. Even the backing of Austria's number one bank (which in turn is controlled by the state) cannot erase the distressing fact that at the time when the U.S. venture was launched one dollar was worth sch. 17.50; it has currently dropped to below sch.14.

The exchange rate situation will accelerate the diversification of U.S. operations with the share of Mannlicher hunting rifles, the Pinzgauer all-terrain vehicles, bicycles (including the luxury range Austro-Daimler models selling for $1,285) and a wide range of accesories, together rising next year to half the sales total.

But it remains to be seen whether this remarkable record of success coupled with a flexible entrepreneurial approach will be able to survive, in the long term, the manifold reprecussions of a permanent and even deepening crisis of the U.S. dollar.

A greater role for buying

INSTEAD of being a Cinderella function, purchasing is increasingly being recognised as a major element in the efficiency with which a company operates, according to the British Institute of Management.

In its management checklist series, the BIM states that while production, sales and finance have long been recognised as key functional areas in the running of a company, usually having Boardroom representation, acknowledgement has only recently been given to the fact that purchasing also requires top management attention.

This recognition stems from an awareness of the major part purchasing can play in efficiency and the BIM sees three reasons for this change of emphasis. First is that management is increasingly aware that purchase of raw materials, components and services often accounts for a "very significant proportion" of total company expenditure, and in some instances it can be the largest element of production costs.

Secondly, a lack of continuity of production arising from ineffective purchasing can seriously affect all major company activities. It can also damage employee morale and, of course, profitability. Finally, the BIM suggests that purchasing staff increasingly regard themselves as professionals and are demanding recognition as such.

Sound production planning and the need to co-ordinate functional areas have led companies to see purchasing as a profit centre and it is evident that the availability of suitable finished products for the market is heavily dependent on effective purchasing, says the BIM. It adds that there are no simple solutions to achieving a higher degree of purchasing efficiency, but maintains there is a good case for reviewing not only the role but also the effectiveness of the function.

The checklist then goes on to suggest a whole series of questions which a company might ask itself to achieve this increased level of purchasing efficiency.

BIM Management Checklist No. 77: Managing Purchasing, available from BIM Publications Department, Management House, Parker Street, London WC2B 5PT.

The foreign executive in London

DO YOU spend £2,496 a year on eating out? Is your annual expenditure on clothing £2,470, on leisure £3,684, on transport £2,099? Would you blanche at the thought of spending £10,149 on housing and £3,212 on household expenditure, or £1,924 on schooling? Do you spend £3,094 providing food and drink for yourself and family?

If the answer is not yes to all of these questions then you are not a top foreign executive living in London — because that is what he spends on average in a year, according to a survey" published this week.

The survey was conducted by Lloyd Incomes Research to determine the cost of living for the typical top foreign executive. Seventy-five executives were surveyed who all earned £25,000 plus, were married with two school-age children and were living in London for at least a year. All had a full housing allowance from their employers, and 75 per cent had a company car or car allowance which reduces considerably their personal expenditure.

The cost of renting accommodation has either remained static or fallen (except in Putney) this year compared with last for top executives This, says the survey, is because 1977 was Silver Jubilee Year and there are less Arabs renting in London this year.

The average executive featured in the survey eats out with his wife twice a week at a trattoria or bistro, once a week at a good restaurant and once a fortnight at a "stylish restaurant."

Copies of the report are available from Lloyds Incomes Research, 72-74 Brewer Street, London, W1, 55pp for £50.

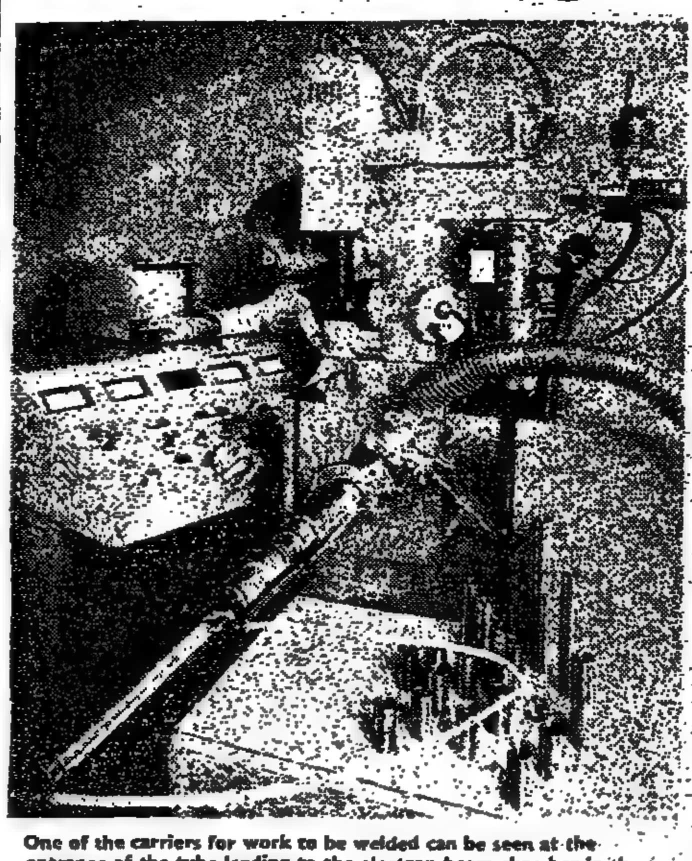
Financial Times Tuesday November 7 1978

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● WELDING

Flow line working



One of the carriers for work to be welded can be seen at the entrance of the tube leading to the electron beam chamber in the centre rear of the photograph.

OFFERED FOR automating electron beam welding is a system said to be the first in the world that allows EB welding to be used as a true continuous flow line process.

It will ensure that the benefits of electron beam welding—fast welding speeds, minimal distortion and the ability to weld finished machined parts—can be applied on a massive production scale.

Wentgate Rapid Transfer System (RTS) has been proved reliable and efficient in extensive testing. The first system is installed at Wentgate's sub-contract engineering sister company (VTP), where it is being used for welding high quality diesel engine parts.

RTS can be fitted to any electron beam welding machine, but can also be quickly dismantled so that the machine can revert to conventional use. Welding speeds are from 200 to 1,000 parts per hour depending on the size of component and weld. Both circumferential and linear welds are possible.

In the Wentgate unit, a series of component carriers is placed head to tail and pushed down a tube, the ends of which are at atmospheric pressure, the centre being held at a welding vacuum of around one-hundredth torr. As the carriers progress, they act as their own valves passing through a series of pumping stages before reaching the machine vacuum chamber which is conventionally pumped.

The component is rotated or moved linearly, or the beam is swept over the joint to perform the weld. On completion of one weld a push rod moves the next carrier under the beam and the next weld is performed. As the carriers move farther along the tube they uncover a venting port and are returned to atmospheric pressure.

Surprisingly, tooling costs can be comparable to or lower than carousel jigs. The only limitation in the size of the component to be welded is the diameter of the transfer tube—and this is manufactured to individual requirements. Specially designed carriers also ensure that different sized components can use the same machine.

Wentgate Engineers, Industrial Estate, St Ives, Huntingdon, Cambs. 0480 63984.

Small parts made fast

AUTOMATION BY a microprocessor has given a pulsed TIG welding unit ability to outperform laser and electron beam welding of components up to 3 mm thick, due to very low heat input and the high travel speed of the x-y table.

Programming takes five minutes or less by an unskilled operator and the computer will program welding paths in circles, ovals, squares, rectangles and any corner radii up to 5 inches. Welding speed may be up to 100 inches minute with constant speed around sharp corners.

Once programmed, the unit will repeat all production weld paths within ± 0.002 inches.

Because of the high weld speed and positive arc striking the unit lends itself to automatic loading and unloading systems.

The controller and the transistorised pulsed TIG power source are fully integrated and no information is lost due to the arc. The 100 per cent digital control ensures calibration is never required and the response time of better than 0.001 second eliminates weld failures.

The initial design is by Dimetrics of California represented by WELCA International UK, 7 Clifton Road, Huntingdon, Cambs., PE18 7EJ (0480 56671).

● METALWORKING

Copper cast quickly

COMMERCIAL facilities for high pressure diecasting of copper have been established by GKN Ferro-Di. As far as is known, high pressure diecasting of copper is not available anywhere else on a commercial basis.

Many applications, particularly in the electrical components industry, are foreseen by the innovators. Electrical switchgear is one area which could benefit, says the company.

Some years ago, GKN overcame the problems of high temperature, high pressure diecasting in the range of 1,400-1,600 degrees C for steels. Developed by its centralised research facility in Wolverhampton, the "Ferro-Di" process was put into commercial operation at Redditch.

The engineering development team then considered other metals lower down the temperature scale and selected copper at 1,100 degrees C. This work was started two years ago and copper components of consistent quality and size have since been produced, and the process proven.

An interesting development of the technique is diecasting copper into steel inserts placed in the dies in order to produce a dual-metal component. In other words, a structurally strong component of high electrical conductivity is possible.

GKN Ferro-Di provides full design and tooling facilities for both high pressure diecasting processes for copper and steel.

Inquiries to GKN Ferro-Di, Padgets Lane, Moons Moat South, Redditch, Worcs B98 0RA.

● PHOTOGRAPHY

Electronic camera needs no film

DEVELOPERS OF a camera which relies solely on advanced electronics to capture and store an image, without the need for film or flash lighting believe that it will be offered for general sale between three and five years from now and will literally revolutionise the whole industry.

A research team at RCA's centre in Lancaster, Pennsylvania, under the leadership of Mr. Harold B. Krall, is pursuing the development of the camera which is based on advanced photo-imaging such as can be achieved with large arrays of CCD (charge-coupled device) sensors in which RCA is thought to have a world lead.

Though no prototype has been built to date, parameters for the camera have already been laid down and include that it will be light in weight, have no moving parts and be comparable in price with equipment of the same performance.

High sensitivity with ability to take pictures in minimal light conditions will go hand in hand with electronic storage of the pictures taken and ability to have the shots displayed on a TV-type screen. The user then can reject those he dislikes and have the good ones printed out, either on a photocopier or turned into transparancies.

Mr Krall is the product line director for the company's closed circuit TV equipment. Several groups are developing the various components required for this unit under him and at the moment, the main task is translating the components into microcircuitry.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● COMPUTING

Maintenance on Zilog

NEWEST microcomputer company Zilog, about to clock up a fifteen-fold increase in sales in two years to $25m, has decided to contract maintenance and repairs to Mills Associates, a UK bureau and main frame maintenance company.

The microprocessor company's UK chief A. Piedra says that as the company's market interest begins to encompass commercial as well as industrial microcomputing, more and more emphasis will have to be placed on supporting the customer, not only in terms of system hardware and software, but also repair and maintenance of the processors and their peripherals.

Zilog is now selling its microcomputers into many high volume business applications where the provision of a local maintenance service with fast response is becoming important. The company admits that until now this has not been available on the professional basis as it will in future from Mills. Equipment supplied by Zilog and its franchised distributors will be covered. Users will sign a standard maintenance contract.

Mills, a £1.5m turnover company, has built a considerable reputation in the repair and refurbishing of ICL 1900 mainframe machines and now has eleven locations well distributed geographically throughout the UK.

More from Mills Associates, Wonastow Road, Monmouth NP5 4YE (0600 4611).

Conserves software

THE OLD GE400 and Xerox Sigma computer mainframe base is being exploited in the UK and Europe by Telefile Computer Products which will be offering an emulation product.

Although GE has been out of the computer business for about seven years and Xerox for about four there are, according to Telefile, about 70 GE400 machines running in France and Germany and about 130 Xerox Sigmas in Europe of which some 40 are in the UK.

The new products, so far as the programmer is concerned, look exactly like the original but have been electronically updated to be generally more efficient and occupy less space.

Significance of the idea is that the original owner's investment in software is completely conserved.

Telefile has just announced its first order, from British United Provident Association for a GE400 emulation processor worth nearly £0.25m. To have re-written the software to suit BUPA's later IBM machines would cost twice as much claims Telefile.

More from the company at Bank Chambers, 13, High Street, Chesham, Bucks, HP5 1BG (02405 75335).

For basic data entry

AS AN extension to its Office System 6 range of processors, IBM has introduced the model 6/420, an operator work station, consisting essentially of keyboard, visual display unit and diskette.

Text and records are displayed as they are entered, and recorded on diskettes, printing taking place on other Office System 6 models. Information can also be read into the 6/420 from other diskettes for additional revision.

At relatively low cost, the 6/420 screen can also give easy situations where a substantial increase in input and document preparation is needed. It can also provide a starting point for electronic document distribution in those situations where existing stations are already working to capacity on processing and printing.

For management purposes, the 6/420 should prove useful in and fast access to data in the system (customer records, for example).

More from the company at 101, Wigmore Street, London W1H 0BA (01-935 6600).

● COMPONENTS

Crellon has approval

THE Microsystems division of Crellon Electronics has received official recognition as a category "C" consultant under the Department of Industry's microprocessor application project scheme (Mapcon), which was launched in July to encourage industry to adopt microprocessor-based technologies.

Companies using Mapcon consultants to examine microprocessor applications for them are eligible to receive financial assistance from the Department. For feasibility studies, funds of up to £2,000 are available and for actual applications and development work there is a 25 per cent contribution up to a maximum of £1m (for projects costing more than £10,000).

As category "C" consultants, Crellon is recognised as being competent not only to carry out feasibility studies, but also to manufacture certain items of equipment on behalf of clients, which is not the case with categories A, B and 1.

Crellon Electronics is at 350 Bath Road, Slough, Berks, SL1 6JE (06286 4300).

● CONSTRUCTION

Finding the architect

BRITISH DATA SERVICES (a subsidiary of Barbour Index) has published three volumes of its "Selective Lists of Architects, Quantity Surveyors and Consulting Engineers."

Each volume contains information on partners, associates and consultants in the private sector, and key individuals in the public sector. The lists include names, qualifications and business addresses.

Copies are available from BDA, New Lodge, Drift Road, Windsor, Berks. Prices are: Practising architects (including p and p) first copy £55, second copy £25, additional copies £12; quantity surveyors, first copy £27, second copy £12, additional copies £6; consulting engineers, first copy £21, second copy £8, and additional copies £5.

Dynamics of marine structures

GUIDANCE on methods of calculating the dynamic response of fixed structures subject to wave and current action is given in the second edition of Dynamics of Marine Structures.

Published by the Underwater Engineering Group of the Construction Industry Research and Information Association the 328-page document is regarded as an important aid for designing civil engineering structures for marine environments. The authors are Dr. M. G. Hallam, Dr. N. J. Heaf and Dr. L. R. Wootten of Atkins Research and Development.

Cost of the publication is £36 (£12 to UEG and CIRIA members), and it is available from the Association at 6 Storey's Gate, London, SW1P 3AU.

Future of asphalting

A TWO-DAY seminar will be held in London on November 14 and 15 to discuss the prospects for asphalt roads.

Organised by Eurobitume (an association of 11 oil companies producing and/or marketing bitumen in Europe), it will also comprise the Belgian, French and Spanish trade associations of bitumen producers and their UK counterpart, the Refined Bitumen Association.

There will be five main technical sessions which will be attended by more than 200 representatives of bitumen manufacturers from 15 countries.

Copies of the papers (in English, French or German) from Eurobitume at 351 Boulevard Bockstael, Brussels.

● COMMUNICATIONS

Mid-range cable

WITH THE introduction of a nominal "1,000 channel" submarine cable, Standard Telephones and Cables has filled a slot in the middle of its product range and is now able to offer systems with capacities from 160 up to 5,520 channels.

Given the designation ND, the cable system offer two capacities: with 4 kHz audio channels spacing it can carry 900 telephone conversations, or 1,200 at the now more common 3 kHz spacing.

Using one inch (25 mm) lightweight coaxial cable with stranded steel copper-clad inner strength member and a repeater spacing of 12 km, route lengths exceeding 7,500 km (4,000 nautical miles) can be built while meeting the internationally recommended noise levels. With the bigger 37 mm cable this can be extended to 10,000 km or 5,400 nm.

Some 30 years experience in the design of submerged repeaters (high quality amplifiers) has allowed a product to be evolved at STC's Greenwich plant which can be put on the sea bed for its 25 year design life with very little prospect of having to raise it for repair.

In recent times special repeater facilities have been added.

There are also special repeaters available the gain of which can be adjusted remotely from the terminal so as to remove any discrepancies occurring during the life of the cable, due to repairs for example.

Duplicated terminal equipment with electronic changeover can also be supplied with system ND, allowing routine maintenance to be carried out while the cable is in traffic.

More from STC's Submarine Systems Division, Christchurch Way, Greenwich, London SE10 0AG (01-858 3291).

FINANCIAL TIMES SURVEY
Tuesday November 7 1978

Civil Engineering

The civil engineers have suffered most from the recession in the construction industry, and although the omens are better no one is looking for any sizeable recovery. Even export markets — a success story — are becoming difficult, with fierce world competition for whatever business is going.

Order books still light

By Michael Cassell

WHEN LEADERS of the civil engineering industry suggested a year ago that output in 1978 was likely to be as much as 40 per cent below the last peak of 1973, Ministers greeted the warnings with a mixture of shock and disbelief.

Events have proved the industry correct in its prophecy and, although the immediate outlook now appears just a little brighter, no one expects the foreseeable future to offer any fundamental improvements.

It is the civil engineers who have suffered most in a construction industry where overall output has fallen by around 25 per cent during what is widely described as the deepest recession experienced since World War Two—some claim the worst ever.

The slump at one stage left over one quarter of a million people in construction without jobs—a figure pushed even higher when jobs in ancillary industries were taken into account. The traditionally long list of company casualties rose, too, as contractors struggled to win what work was available, carried out contracts on thin or non-existent profit margins and ended up being swallowed by a competitor or placed in the hands of a receiver.

Some civil engineering specialists, in particular, have recently begun to diversify to reduce their dependence on a market which looks set to remain a difficult one.

The position of the civil engineers would over the past five years have been difficult enough, given the general economic situation. But a succession of swingeing cuts in public expenditure directly affecting a broad range of construction work—and imposed by a Government whose concern for the industry paled alongside its determination to control inflation—turned a potentially tough trading period into a nightmare for many companies.

The industry screamed out loud each time the axe fell, accompanying dire warnings of rising unemployment with predictions of permanently lost capacity. But it also knew that it was pleading with an executioner which believed there was no other choice.

The worst is now over and the activities of the civil engineering sector are running on an even plateau. With the roads programme down to a fraction of its former level—and likely to stay so—many contractors are pinning their hopes on the prospect of having to renew large numbers of water and sewerage schemes, which are now in desperate attention, and on a revival in industrial construction. But with all public authorities working on tight budgets and under-spending becoming a major problem—together with a continuing reluctance on the part of industry to step up investment—the contractors cannot be too optimistic that a revival in fortunes is just around the corner.

Forecasts

The last set of forecasts from the joint forecasting committee of the Building and Civil Engineering Economic Development Committee suggested that although the bottom of the trough in public sector work should be reached this year, only modest rises in workload could be expected in 1979 and 1980.

The industry itself would not necessarily welcome any rapid rise in workload, however, as any fast upturn could put tremendous strain on resources which have been substantially skimmed down during the recession.

But while the Government has no short-term intention of releasing the brakes previously applied on construction expenditure—it represents by far the biggest client for the industry—there is now a real hope within the construction sector that it will not again suffer so heavily at the hands of any Government. For the plight of the construction and civil engineering industries at the depth of the recession encouraged them, in an unprecedented show of unity, so to speak with one voice to Ministers and to establish the case for construction to be treated as a single entity—an industry with its own views and requirements which needed to be considered in the same way as those of any other industrial sector.

The so-called "Group of Eight," drawing representatives from all sectors of construction and its associated professions, can so far claim some notable successes. Ministers have clearly been far more readily disposed towards listening to a lobbying body which can reasonably claim to represent most sectoral interests within construction, even if they do suspect that such a body would break up once work flows back into the industry.

While the Group of Eight has not yet managed to extract any more money from Government as a result of its discussions it can at least claim to have engineered one major breakthrough.

After talks with Mr. Peter Shore, Secretary for the Environment, the Government has finally undertaken to see that the construction content of future White Papers on expenditure will be a separate element, readily identifiable and capable of illustrating at a glance the full impact of spending proposals on the building and civil engineering industries.

Efforts are being made to encourage Ministers to include what the industry believes to be this vital innovation in the White Paper, due next February. The hope is that not only will the construction sector be able to pinpoint how it is faring at the hands of its biggest customer but that Ministers will begin to treat construction as an important factor in their overall economic and budgetary considerations and not, as in the past, as an afterthought.

Criticisms, however, have not been reserved merely for the Government and its handling of the construction industry. Ministers have in the past suggested that the sector could help improve its own position by adopting a more aggressive role in the search for new business and that it should put as much energy into marketing itself and its services as it does apparently into complaining to Government about lack of work.

Some support for this attitude came earlier this year in a major report from the National Economic Development Office which claimed that the construction industry was insufficiently responsive to the needs of its clients, particularly those in the industrial sector.

Companies, said the report, were too concerned about their own individual role in the construction process and the industry would have to promote its services as an essential aid to improved productivity and better working conditions.

Few civil engineers would regard such an approach as anything other than a peripheral attempt to solve their main problems at a time when hundreds of millions of pounds worth of "bread and butter work" has been taken away from them with the stroke of a pen at the Treasury.

Praise

The efforts of civil engineers to seek out work away from the difficult home market have, however, come in for nothing but praise in ministerial circles—and most observers would concur. The success of UK civil engineers and the construction industry professions in overseas markets provides the best answer of all to criticisms that the industry is slow to spot chances for new work.

Figures released recently by the Department of the Environment forcefully underlined the extent of the migration of skills and resources undertaken by the construction industry and professions in the search for work where work is available. According to the Department, British construction companies carried out work overseas valued at an estimated £1.6bn in the year up until March, 1978, five times the value of work done five years earlier. The Middle East again proved to be the major market, although contractors began to pick up a growing proportion of work from Common Market countries. Large civil engineering operations continued to dominate the field, with just 20 British companies accounting for 93 per cent of the total value of new contracts picked up by U.K. companies.

During the year ending in March, British contractors won nearly £2bn worth of overseas work while actual earnings from contracts carried out totalled around £400m. The picture overseas remains reasonably buoyant, although the pattern of yearly growth could now become increasingly difficult as competition grows more intense and large contracts become less readily available.

The overseas construction story has not, unfortunately, been exclusively concerned with success, and some contractors have encountered serious difficulties which have done little to improve their financial situation or to enhance their international reputations.

Closer to home, the civil engineers have been conducting another fight, not to win work away from their competitors but to prevent what they see as a major threat to their future. Proposals from the National Executive Committee of the Labour Party to spread public ownership in the construction sector have, like the recession itself, brought unity to a traditionally fragmented industry, this time in the shape of the controversial "CABIN" anti-nationalisation campaign being conducted by the Federation of Civil Engineering Contractors and the National Federation of Building Trade Employers.

The Labour Party's proposals, which include state ownership of at least one of the major civil engineering companies, are being treated with the utmost seriousness, even though the industry knows there are many influential people within the party who do not agree with the plans. As a spokesman for the FCEC said: "We just cannot afford to ignore the plans in the hope they will go away. They must be fought all the way until they are dropped."

The spokesman added: "People have accused us of going overboard in our opposition to the proposals but we believe they would spell disaster in an industry where free enterprise and competition are all important.

"The plans have been ill-thought out and fail totally to demonstrate that any improvements would result from their introduction. We are determined not to end up being used as a sprat, to be thrown to the Labour Left whenever the appropriate moment arises."

Domestic sector struggles on

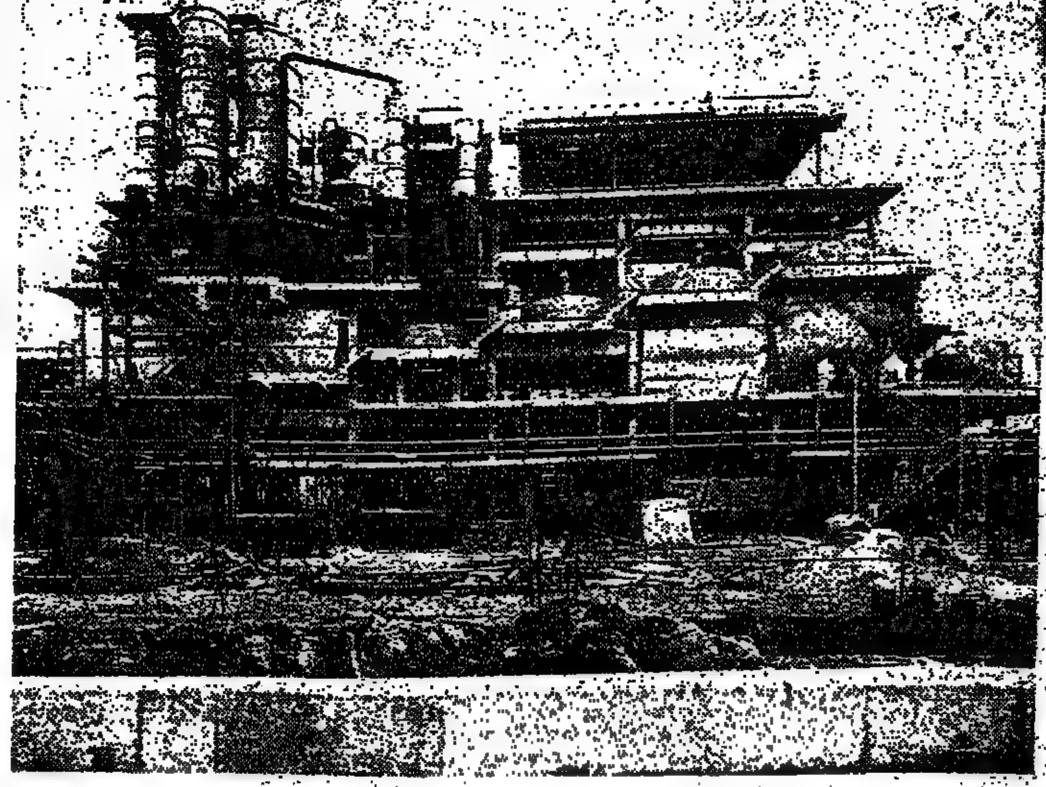
MODEST ECONOMIC growth, restricted investment and a continuing clamp down on public expenditure — particularly capital expenditure—is the somewhat daunting outlook confronting UK civil engineers as they attempt to calculate the volume of domestic work likely to become available up until the end of the present decade.

The prospect is nothing new to the construction sector, which for the past five years has been through the economic wringer and had to make do with low demand at home and the aftermath of economic policies which at times seemed designed to make its plight even worse.

Not since the heady days of 1973, when total domestic construction output in the UK rose by 5 per cent has the construction industry had anything to shout about—apart from successive cuts in public expenditure. In 1974, total construction output plummeted by 13 per cent, with public sector work—the staple diet of the civil engineering sector—falling even further by 14 per cent. The following year, the pattern was repeated, with public sector construction output declining by 10 per cent from 1974. In 1976, the rapid decline moderated to a mere 3 per cent in the public sector, only to fall back by about 12 per cent in the next 12 months.

This year, too, the industry will have struggled in a market where public sector output has fallen yet again—albeit by only around 1 per cent. Next year, for the first time since 1973, construction work in the public sector is expected to turn upwards, possibly by around 2 per cent, with a further modest increase anticipated in the next 12 months.

Within the overall figures lies a fairly repetitive sector-by-sector picture of sluggish growth. Potential business from the nationalised industries is expected to grow marginally to 1980, with perhaps a stronger picture of construction investment for the Gas Corporation than for some other major public sector bodies.



Caprolactam plant under construction at Flixborough for Mypro (UK) Limited

Estimates

The outlook for roads construction provides little cheer either. On the basis of present estimates, spending on trunk roads could be running 20 per cent lower than in the last White Paper on Public Expenditure. The increasing frequency and length of public inquiries concerned with major route developments, which contractors claim has made the Department of the Environment wary of pushing ahead with many proposed schemes, has served to exacerbate the situation, as has the reluctance of many local authorities to authorise road schemes.

A similar picture is drawn for water and sewerage schemes where output is expected to grow only modestly in the next two years. As a recent set of construction forecasts from the National Economic Development Office pointed out, if stresses in some areas do call for increased capital expenditure, then the internal transfer of funds rather than an increase in total spending seems more likely.

From a longer-term point of view, however, the extensive replacement and modernisation programme required to bring the country's sewerage system up to date must eventually provide the civil engineering sector with a desperately needed works programme of a scale which could usefully employ much of its unused domestic capacity.

The outlook for civil engineering business in the private sector does, however, look a little more promising. Industrial and commercial construction projects—not the exclusive preserve of the civil engineers but one in which the largest contractors have always been active—are now flowing through at a rate which implies a significant recovery from the levels of activity achieved in the past four years.

Industrial construction work carried out this year is expected to have shown an increase of about 8 per cent over 1977 levels—which had fallen by no less than 18 per cent from the previous year—and a further 4 per cent rise is anticipated in 1979. In the commercial sector, output this year looks set to have risen by 7 per cent, after a modest upturn in 1977, and further modest increases are forecast for 1979 and 1980. Orders for commercial property have risen strongly for most of this year.

But despite the occasional silver lining, the medium-term horizon remains fairly bleak and it is hardly surprising that with total construction output running 25 per cent below the 1973 levels (as much as 40 per cent for civil engineering work) contractors have become steadily more dependent on overseas work. Domestic contracts have of necessity involved much lower margins and the largest contractors have been forced to take on smaller batches of work to which their operations are not naturally geared.

The difficulties in obtaining work which have been experienced by many of the medium-sized contractors have been heightened by the arrival on the scene of those companies who would not normally interest themselves in smaller scale projects. A few questions have certainly been raised concerning the size of the margins they are apparently ready to accept in order to obtain badly needed work and keep their operations usefully employed.

Substantial slimming down has, however, been inevitable, with unemployment in the industry reaching record proportions, a picture which has been reflected among the associated professions.

Another result of the slump, this time magnified because of the extent of the recession, is the shortage of skilled craftsmen. The downturn in work has been so substantial and so prolonged that once again the industry has lost, perhaps permanently, large numbers of men whose skills are required the moment output begins to pick up.

The same shortages have in the past applied equally to construction materials, though the extent of the current revival in construction work has as yet been too limited to place any significant strain on manufacturers' resources.

In fact, much of the current discussion between the industry and the Government has been centred on the mutual desire to generate a more orderly growth in construction output the next time round. Memories of bottlenecks and backlogs which frustrated the last revival and helped give inflation a further twist are still fresh in the memory and both sides are anxious to avoid any repetition of that type of situation.

The industry has certainly not given up in its persistent attempts to secure further injections of finance into construction to help make amends for the massive cuts in expenditure introduced at the height of the economic crisis, but it shares with Ministers the desire to prevent another sharp movement in the cycle of activity which has done so much to undermine its strength in recent years.

The recent NEDO report on the construction industry underlined the fundamental role which construction would have to play in the nation's industrial recovery and there is some hope within the industry that the experiences of the past four or five years have impressed upon government the harm which can be caused by violent manipulation of its programme of work.

There is hope that the art of correct demand management may slowly be beginning to sink in and that in future the industry will be considered as an entity in itself and not merely as an adjunct to all the other major sectors. They are hopes which may flourish but which may, once again, flounder at the first sign of the next major economic crisis.

Michael Cassell

Growing level of overseas work

THE BRITISH construction industry, with its related professions and suppliers, earned about £2.6bn overseas in 1977-1978, an increase of around £400m on the previous year.

Of that total, UK contractors accounted for £330m via overseas contracts handled out of Britain, with another £60m coming from their overseas subsidiary operations. The remainder came from consultants (£380m) and from the export of materials and plant (£1.8bn).

The value of work carried out overseas by British contractors rose from £1.27bn in 1976-77 to £1.60bn in the latest 12-month period for which figures are available, while, at the end of March this year, they had over £2.3bn worth of work in hand. In addition, new overseas contracts worth £1.92bn at today's prices were won by British contractors in over 100 countries during 1977-78. The total, which includes contracts awarded to the overseas branches and subsidiaries of construction companies was just over £200m higher than in the previous 12 months.

This impressive list of figures was released last month by the Department of the Environment which reacted to news of the industry's continuing overseas success with characteristic calm and with the simple observation that it had all been achieved "against increasing competition and protectionism."

Such measured phrases from the DoE convey little of the energy, effort and resources which dozens of companies and thousands of people have put into ensuring that British contractors remain a force to be reckoned with in the international civil engineering and construction world.

According to the Department of the Environment, about 100 civil engineering and building contractors are now operating overseas, with newcomers to the international scene arriving each year, not apparently put off by stories of cut-throat competition and heavy contract losses.

Work remains concentrated, however, in the hands of the 20 largest contractors, who are currently handling over 90 per cent of all projects involving UK construction companies.

Successful

The Department's figures confirm the continuing pattern of successful overseas activity for UK contractors which for some goes back many decades but which for most represents a relatively new departure. The major expansion in overseas operations has been the inevitable consequence of an almost unprecedented depression in domestic work, caused by a combination of slow economic growth and, some would suggest, some fundamental changes in the nature of demand for civil engineering projects in the UK. The theory in this respect is that the bulk of the post-war infrastructure programme in the UK is now complete and that the civil engineering sector must accept and settle down to a lower norm in terms of annual output. It is a plausible theory, which the civil engineers themselves find hard to accept and which will be difficult to prove or disprove until public expenditure returns to less restricted levels.

A brief glance at the Department's own records on overseas construction show that activity outside the UK began to accelerate significantly in 1974-1975, at a time when the domestic recession began to bite. In 1972-73, UK contractors managed to pick up less than £350m worth of foreign work, largely confined to a very small number of operators with long overseas experience. But by 1974 the figure had risen to over £1.1bn and, even discounting the fairly substantial inflationary element involved, it was clear that contractors were tackling overseas projects with an enthusiasm and determination not experienced before.

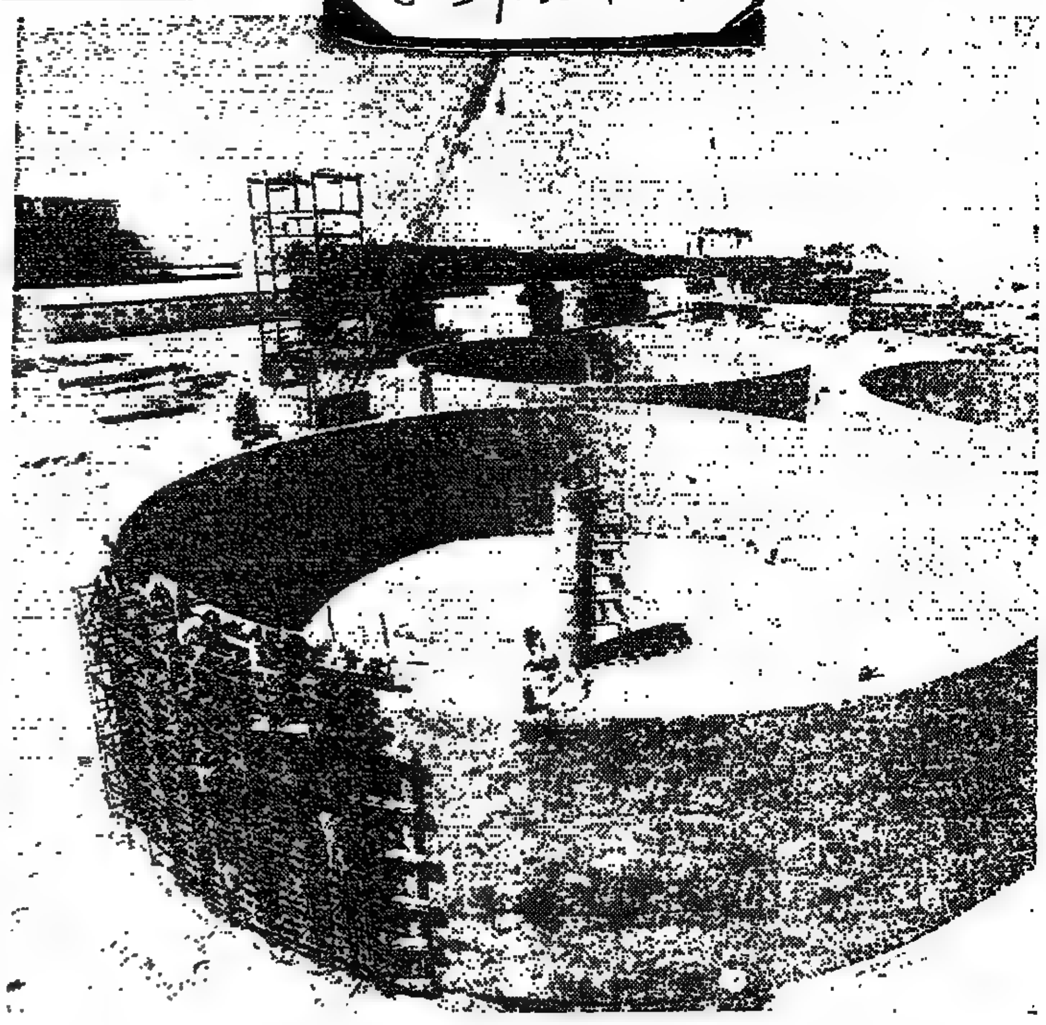
It was inevitable that inexperience, tough markets and demanding clients would combine to ensure that overseas work did not always provide the haven from domestic recession which was expected.

Naivety was a common factor and major failings on the part of many contractors venturing abroad for the first time included a tendency to hopelessly underestimate the vital mobilisation period, the effect of harsh climatic conditions on contract progress and in some cases the frustrations and delays caused by bureaucracies developed to absurd proportions.

As a result, there have been several well publicised (and some not so well publicised) contract problems which have

CONTINUED ON NEXT PAGE

Middle East scramble leaves few content



Costain International undertaking construction of a cement works in Dubai

THE Middle East construction market resembles something of the morning after the night before." Some contractors wish they had never bothered to turn up, a few have sore heads and others are already beginning to look round for the next party.

There has certainly been a party in the oil-rich nations of the Gulf, where the rate of *economic growth has left the* rest of the world standing and where international contractors in search of business have turned up in their hundreds, if not with a bottle in their hands then with plenty of ideas and a few competitive bids.

In a sense, the party is not really over at all. At present, some 55 to 60 per cent of capital expenditure in the Middle East is being put into construction work, a proportion which a recent Economist Intelligence Unit report pointed out was unprecedented in the developing world. According to some estimates—they vary substantially—expenditure on construction in the region is likely to reach between $25bn and $30bn by 1981, so the outlook for continuing growth looks encouraging, if less buoyant than two or three years ago.

Inflation

Despite significant retrenchment on the part of most Middle East economices—brought about by the need to contain inflation which has budgets—opportunities for profitable contracts remain. Besides the fact that the oil-rich states enjoy considerable financial surpluses, the financial aid and investment policies of these states have also helped their less fortunate neighbours, such as Egypt and Sudan, who now also can contemplate substantial construction programmes.

But if contract opportunities do still exist, few international contractors would fail to accept the observation that the market has changed quite dramatically in the last two years and that the Middle East will never again hold out quite so readily the volume and range of work which has flowed in the past.

After the dramatic boom in the construction market sparked off by the readjustment of oil prices, certain kinds of activity are now clearly levelling off. Many of the major client countries are beginning to establish for themselves the basis of their infrastructure—major roads, airports, ports and docks—and some have moved well into the "second generation" phase of office, residential and industrial development.

The chances are, therefore, that in a growing number of markets the international contracting operations will have to begin to take an interest in the type of work which until now they have been able to ignore—particularly in the industrial development field.

But it is not only the make-up of the market which is changing, the roll of participants chasing work has grown longer and competition has become considerably more fierce. In addition, clients have in many respects become more worldly and, as the result of some badly burned fingers, become much tougher customers.

In essence, the Middle East construction market has come of age. It has settled down, with the client and contractor elements both having learned a few lessons and with every hope that the market can now progres in a more orderly fashion.

The boom itself has generated more obstacles to getting work in a region which invariably bears little resemblance to the markets in which many contractors have previously operated. Competition really has become intense and Governments, in the role of clients, have begun to drive some very hard bargains. The process of winning work, always a costly one, has become more costly and more time consuming than ever and with the chances of success thinner than in the past many contractors are thinking twice before making a play for contracts out to tender.

International contractors are also beginning to find that local construction companies have been watching and learning and thta in some, though by no means all markets, they are now becoming a competitive force.

That is not to say that they are *capable of picking up multi*-million civil engineering contracts—at least not on their own—but it does suggest that they may well be in a position to compete for a growing proportion of the second tier of work, such as housing and urban development, health and education requirements, leisure and recreation facilities—in short the type of work which will now make up a growing proportion of the overall construction market.

Competitive

For the time being, however, the major international civil engineering contractors are more concerned with the competition now coming from the Far East, in the form of South Korean and Thai contractors. No current assessment of the Middle East construction market can avoid mention of the impact which the South Koreans in particular are now having on the scene

Until recently, the Korean activities in the region have been largely labour intensive, involving the building of roads, ports, housing and hospitals, but there is now ample evidence to suggest that the level of their technical understanding has risen dramatically and, as recent tender succeses have highlighted, they are capable of vying for and winning the most sophisticated of civil engineering projects.

But what of the British contractors in a market which has now become anything but an easy alternative to a severely restricted home market? There is little room for complacency, but there is some scope for self-congratulation. Figures released only a few days ago by the Department of the Environment showed that UK contractors managed to win new orders worth no less than £1.02bn from the Middle East in the year ending in March 1978 — a figure representing more than half of all the overseas contracts picked up during that period. Five years ago, the *value of UK orders in the* region stood at barely £75m.

The Department's figures showed that the United Arab Emirates again proved the major construction market for UK companies, with orders taken worth £414m. The Emirates, with its long British associations and its respect for British standards and skills, has provided huge volumes of profitable business for some of this country's largest civil engineers, though the amount of work available has fallen fairly dramatically in the past two years and several contractors are worried about future work prospects in the area.

Saudi Arabia, according to official figures, ranked as the second most important Gulf construction market for the UK, with new orders worth £148m taken on. The figure appears insignificant alongside the Saudis' overall construction budget and it is a fact that British penetration of the largest market of all has been very disappointing. Many contractors have quite simply been able to find work more easily elsewhere and have been put off by some of the onerous contract conditions (if not the depressing stories of the environment and social restrictions) laid down by Saudi clients.

But it may be time for UK contractors to grit their teeth and to attempt to make bigger inroads into Saudi. With the prospect of much tougher competition and a declining level of major civil engineering projects confronting them in their more traditional Gulf markets, Saudi demands to be taken more seriously than in the past. Contractors know full well that there will be no easy options in Saudi, but the largest, most experienced ought to be able to continue the successes they have recorded elsewhere.

Elsewhere in the Middle East, Iran continues to prove to be an important market for the UK, as do Bahrain, Qatar and the Oman. One ofm the most interesting prospects for British construction companies must be Egypt, where enormous development potential exists and where there remain very strong pro-British sympathies. A poor economy will continue to restrict opportunities for expansion and develpment, but peace with Israel and an injection of external finance could transform the present situation and provide substantial trading opportunities, not least for the UK.

M.C.

Overseas

CONTINUED FROM PREVIOUS PAGE

highlighted the ever-present risks attendant in working overseas and which no doubt made some contractors wish they had never set foot in Nigeria or Saudi Arabia.

But there have been plenty of successes by way of compensation, bringing healthy profits, increased experience and, in turn, more work to the core of UK contractors who now regard the world market to be as important, if not more so, than the UK.

In 1977-78, British contractors picked up work in Europe valued at nearly £300m, won another £550m in Africa, £140m worth of contracts in the United States and £1.02bn in the Middle East—the most important market of them all. The contractors' operations extended to the Far East, Australia, the Caribbean and South America and they managed to maintain their position in a world market which in the past two years has changed complexion quite dramatically.

There are some observers who suggest that the success of the UK contractors is all the more remarkable because they have received less support and fewer back-up facilities than many of the competitors against whom they have to fight for work. Whether it concerns the level of local commercial expertise provided by the international diplomatic network or the range of export credit guarantees available at home, there exists substantial criticism that the massive role contractors play in assisting the balance of payments is not adequately reflected in the scope of official support available to them.

One thing is clear: the British contractors are going to need every piece of assistance they can lay their hands on if they are to continue the successes of the past few years. For the world's growth markets in construction — principally the Middle East and parts of Africa—have entered a significantly less buoyant phase and although, in some cases, it may prove to be nothing more than a temporary phenomenon, the amount of work available is on the decline. At the same time, competition is increasingly tough and profit margins are generally looking thinner than has been the case for some time.

Some of the largest UK civil engineering contractors have already made warning noises about anticipated falls in work levels abroad and lower profit expectations and their voices are likely to be joined by others now that the pressure is mounting. It is not fantasy to suggest that the search for work really is now extending beyond the more traditional markets and that major contractors are seriously examining the potential for large-scale civil engineering projects as far afield as South America—some work has already been notched up there—and even China.

Closer to home, contractors are hoping to extend their penetration of European markets, where activity for them has recently been showing signs of considerable expansion, despite the generally poor economic outlook. Last year, UK contractors won more work than ever before and they have been heartened by some fairly ambitious plans put forward by the Community's Minister of Transport which would entail, among other things, the final provision of a Channel tunnel, an expanded network of European trunk roads and improvements to existing Continental rail links. The Minister's plans are not yet backed by any hard cash and have so far found only moderate support among member countries, but there is little doubt that he could rely on strong backing from an industry that hasn't heard any good news on its own doorstep for a long time

M.C.

Safety record under scrutiny

THE CONSTRUCTION industry's record on safety has this year been at the centre of a heated debate between the employers, the unions and the Health and Safety Executive. The subject has always aroused passions within the industry, but rarely has it provoked as much controversy as it has done in the past few months.

Events came to a head earlier this year when the Executive produced the first of a series of reports on particular industries—on construction—and in which Mr. Jim Hammer, the Chief Inspector of Factories, forecast that unless drastic steps were taken to improve the industry's safety performance, about 2,000 people employed in construction would be killed over the next 10 years, while another 400,000 could be injured.

The report chose to examine 100 fatal accidents involving construction workers and pointed out that the men involved in all cases were simply going about their normal work —"they were not working at the frontiers of technology; they were simply picked off one at a time"—it said. It was this kind of accident, the report added, to which the industry should apply its mind, since it was the mundane accident which attracted little publicity that was typical of the normal range of construction fatalities.

The report continued: "There are very few freakish accidents, or accidents which would surprise someone who had worked or inspected in the industry for several years. The vast majority of these accidents can be prevented by the competent exercise of normal professional skills, by adequate training and supervision and by the establishment of safe systems of work."

The executive said its studies suggested that a "realistic approach" should and could be made by the industry to tackle the readily identified and traditional hazards in the industry. There were many contractors, it claimed, which would only be as safe as the law required them to be.

The report, which stated that the construction sector accounted for more deaths and injuries at work than any other single industry in Britain, did concede that at the centre of the problem of safety on a building site was the question of the behaviour of the individual workman and his motivation, this could nevertheless be influenced by the training he received from his company, by the industry, and in the provision of safety policies backed by adequate organisation.

It commented: "The construction worker, however simple his job, usually exercises a high degree of personal choice which effectively determines whether he has an accident or not. This inevitably means that a certain number of serious accidents will always happen. We feel that the fullest answer must lie in the development of the approach which controls the behaviour of the individual by means of safe systems of work, training and adequate and imaginative supervision."

The report said that, in 1976, reportable accidents rose to over 34,000 although deaths fell to 154 from 181 in the previous year. Provisional estimates suggest that 140 people were killed last year with nearly 34,000 injured.

Accident

Mr. Hammer said that if an employee had an accident in building he was four times more likely to be killed than in any other work and went on to say that the same basic causes had produced a high proportion of construction accidents over the last 60 or 70 years.

The report catalogued various types of fatal accidents, including falls from heights, electrocutions, falling materials and the collapse of earthworks. It emphasised that they invariably attract little attention, unless they are spectacular or involve potential risk to the public but that they should, nevertheless, be isolated and picked out as those which cause the greater number of preventable deaths in the construction industry.

It did not take long for the construction industry's employers to respond to the report, which they described as "sensational and misleading." The National Federation of Building Trades Employers called the Executive's findings "thoroughly misleading" and said that if the prediction of 2,000 deaths was to be proved correct, it would require a complete reversal in the downward trend of the construction accident rate over recent years.

Mr. Peter Morley, President of the NFBTE, said he did not for one moment believe that the forecast would come true, even given an upturn in construction activity. He emphasised that he was not condoning any situation in which workers were being killed or injured but that it was essential to put the industry's accident record into perspective.

The industry, he said, was the largest employer of male labour in the country and, by its very nature, it was a high-risk industry as far as accidents were concerned. Workers were required to work during the construction process at variable heights, in variable weather conditions and on a wide range of jobs—from trench digging to operating highly sophisticated lifting machinery such as telescopic jib cranes—some of which carried a high element of risk.

But he pointed out that the same picture existed in construction industries the world over and that the British construction sector was "by no means at the top of the international league in this respect." Mr. Morley said that in the UK both steel and coal had a higher fatality rate, while no fewer than 35 manufacturing industries had a higher serious accident rate.

Mr. Derek Gaulter of the Federation of Civil Engineering Contractors echoes Mr. Morley's views and says the UK industry's safety record compares favourably with those of other countries. Construction, he says, is inherently more dangerous than most factory industries, and while there can never be grounds for complacence, accidents will always happen.

The FCEC, in co-operation with the NFBTE, does considerable work in the safety field and the two bodies claim they make every effort to inform and guide members on proper safety procedures for themselves and their operatives. Mobile training units tour the country giving instruction to operatives and regular safety training courses are organised on both a national level and on an "in company" basis.

Extensive

The employers have also had extensive discussions with the unions over the proposed form of training for the new safety representative system and companies are already releasing operatives for such training. Under the Safety Representatives and Safety Committee Regulations, union-appointed safety personnel will have the right to inspect immediately the part of a site where a notifiable accident has taken place, an innovation which could prove of fundamental importance in the event of any subsequent claim for damages.

Apart from the ability to examine scenes after accidents, inspectors will be able to make regular inspections of sites, or more regularly if the employer agrees, to examine a workplace where there has been a substantial change in conditions and also when new information with respect to hazards has been published by the Health and Safety Executive.

In some respects, the construction industry's employers can claim that it is ahead of some of the obligations set down in the new Regulations. The construction sector is the only industry in which safety supervisors have for years been required for any company with more than 20 employees and it is the only industry in which the duty is imposed on every employee to report any defect in plant and equipment which he discovers. Since 1961, the whole construction sector has had compulsory weekly inspection procedures for scaffolding and daily inspection for excavations.

Under the Regulations, which apply across industry and not merely to construction, each union represented in each contracting company on a site will have the right to appoint an unlimited number of safety representatives, though there is no obligation to appoint any at all.

The unions, as mentioned earlier, have been playing a major role in the safety debate. The Union of Construction Allied Trades and Technicians called the Executive's report "an important contribution to the struggle for safety in construction" and highlighted its observations that the majority of accidents and deaths were preventable with proper planning, care and forethought. The union said that no company which was concerned about the safety of its workforce should object to the type of scrutiny carried out by the Health and Safety Executive and those that did "have something to hide."

It accepted that the workers had to be fit and mentally alert to the dangers on construction sites and that there was little purpose served in attempting to apportion blame on either side. The most important point was that, with a major effort on the part of all those concerned, construction could be transformed into an industry with one of the lowest numbers of accidents and deaths.

M.C.

Labour relations

EMPLOYERS AND the construction unions accept that labour relations in civil engineering are not as good as they might be.

Both sides of the industry have made determined joint efforts to solve some of the problems facing civil engineering and there is a long-established machinery for resolving disputes.

Nevertheless, there are several issues which continue to cause discord between companies and their workforce, many of which are clearly related to the casualised and rough and ready history of construction.

However, the industry probably has a much better record of industrial relations and productivity than building.

Civil engineering employs about 150,000, including 50,000 white collar staff—a quarter that of the building industry. A whole range of craft jobs—heavy machine operating, steel fixing, concrete reinforcing, tunnel mining, gas distribution, open cast coal digging, along with general labouring — are involved.

The supreme body in the industrial relations framework for the whole of construction is the Building and Civil Engineering Joint Board.

Rates

This includes representatives from the two employers' organisations, the Federation of Civil Engineering Contractors and the National Federation of Building Trades Employers (NFBTE), together with the union side.

The Board fixes basic pay rates nationally for buiding and civil engineering, plus some of the special pay and tool allowances, working hours, holiday and sick pay.

For the civil engineering side of the industry, unions and employers come together at the Civil Engineering Conciliation, Construction Board. The employers are represented by the contractors federation. The operatives' side is made up of the Transport and General Workers Union, the General and Municipal Workers Union and the Union of Construction, Allied Trades and Technicians.

The Transport and General is the largest union in civil engineering while craft unions, notably UCATT, have the greatest single influence in the much larger building sector.

The constitution of the CECCB charges it with maintaining good labour relations, determining some wages and conditions — special skilled "plus" rates and shift allowances for example—and sorting out disputes between management and its workforce.

Unlike the building side of the industry there is no regional joint disputes procedure. If an industrial relations problem arises, attempts are made to resolve the issue at local level. If that fails the dispute is raised straight to national level at the CECCB. The Board meets every month and there are emergency conciliation panels to discuss immediate problems.

Alleged unfair dismissals form a considerable part of conciliation work partly because termination of employment tends to be frequent in an industry where work is usually temporary.

Bonus payments, which are agreed locally on site, are another breeding ground for disputes. A spate of bonus rows erupted following the national wage agreement earlier this year, although the civil engineering contractors federation says most of these have now been sorted out.

Health and safety is a big issue. Taking construction as a whole, 60 men in every 1,000 working in the industry are injured annually in Britain in an industrial accident. About 20 in every 100,000 die, five times the rate for manufacturing industry as a whole.

Some union officials complain that employers do far too little to improve safety standards and say that companies can be too money-conscious when it comes to improving working environments. Employers protest that they have made major strides in improving working conditions and that the existing accident rate largely reflects the dangers inherent in the industry.

Mr. George Henderson, the Transport Workers' national construction secretary, says the conciliation machinery works quite effectively and probably benefits from not having a middle, regional tier.

Officials of UCATT say that if the NFBTE and the civil engineering employers join forces in one organisation, as has been hinted at for some time, industrial relations structure will be significantly altered.

Outside the strict operation of the conciliation board employers and unions have joined forces in making direct appeals to the Government over building cuts. About 90 per cent of civil engineering work comes directly from central Government, local authorities and other public bodies and, as a consequence, it has suffered under cut backs to a much greater degree than the building side of the industry. Employers estimate that 15 years ago, civil engineering employed 100,000 more workers than it does now at any one time.

Bitter

There has also been useful co-operation on other aspects of the industry, training for example. Some of this, however, has been marred by bitter public rows and recriminations. This has been most noticeably seen in the construction employers' campaign—CABIN—mounted against what they believe to be the threat of nationalisation. The unions say that threat is unreal. It also occurs in rows over welfare schemes and redundancy pay.

The unions and employers say productivity within civil engineering tends to be good although there are major fluctuations resulting from several factors.

There appears to be six main features which affect productivity on site. One is the job specification—how well it is designed for "repetitive runs" of work without the need to break off and make preparations for further stages of the scheme.

Physical conditions play a significant part—for example in the problems of excavating. Geographical location is another element and this is most

CONTINUED ON NEXT PAGE

Trend towards bigger machines

BIGGER IS better. That has been the cry from the civil engineering and construction industries to the manufacturers of the equipment they use. And the manufacturers have answered the call. Nothing radically different has emerged from the construction equipment industry in recent years—but machines have become larger.

The simple idea is that one man should be able to shift much more material, more quickly. However, because the monster machines are more expensive to purchase, they have to be even more reliable than before. They have to be more efficient and there has to be less downtime.

This trend towards bigger machines has caused some headaches in Britain and upset the progress of the industrial strategy programme outlined for the construction equipment makers.

Objective

One important objective of the strategy was for the UK manufacturers to improve the trade balance by substituting British-made products for those which traditionally have been imported.

That has not happened. Instead, the value of imports has been climbing as bigger and more expensive products have been attracted into Britain by obvious gaps in the market.

It is understandable that British companies, relatively small when compared with their major rivals from North America or Japan, have not been particularly keen to embark on the huge investment involved in bringing a new product to market at a time of deep recession in the industry and at a time when some of them are under financial strain (although there is no question of a financial crisis in the industry).

The gaps left open by the British manufacturers are particularly noticeable as far as hydraulic excavators and wheeled loaders are concerned. This is more serious because these are products sold in some volume.

In the hydraulic excavator business it has been the Continental Europeans which have benefited from the demand for bigger machines. Three West German concerns, Liebherr, O&K (Orenstein & Koppel) and Atlas-Weyhausen are managing to sell their big and expensive machines—but, then, the West German makers of all types of mechanical engineering equipment learned long ago how to sell abroad despite having a high-valued currency. Apart from the West German groups, Akerman of Sweden and Poclain of France are also selling big excavators in Britain to some effect.

Where the bigger excavators are not large enough, big shovels come into their own. And here the Japanese, in the shape of Hitachi, are having some success.

The problem with wheeled loaders is that the North American-based, internationally-operating groups such as Caterpillar, have traditionally not made the large types in the UK, where in any case there has been little enthusiasm for them, until recently. Now there is increasing demand, the multinational groups are shipping the loaders in from overseas.

It is not necessarily civil engineering projects which attract the big equipment to Britain. The National Coal Board's open-cast mining programme, for example, has provided some incentive. And to give another example, Liebherr truck-mounted cranes of 80 to 100 tons and upwards made their first appearances in Britain because the construction involved in the North Sea oil programme demanded monster mobile cranes.

It necessarily follows, too, that as the capacity of machines to shift soil or other materials increases, there must be bigger vehicles to take it away.

Most of the manufacturers of off-road trucks are looking towards the introduction of vehicles of 100 tons while some already have 85-tonners on offer.

The main impetus for changes in technology in this sector of the commercial vehicle market are the health and safety regulations which have become an increasing consideration in the industrialised world. Noise, for example, is a major problem. It is certainly possible to absorb engine noise so that the decibels in the cab are at a tolerable level, although when you absorb noise you usually absorb power.

But the major constraint on the size of an off-road truck and much other construction equipment is tyre technology. Some big items of equipment even have to be designed around the tyre, for an initial factor that the designer has to consider when planning a new vehicle is the size of the tyre required.

The value of construction equipment produced in the UK is running at about £800m a year. Output has not grown significantly since 1973 and nobody in the industry expects it to improve much next year. After all, if your customers have hardly any work they will need few new machines.

The recession has hit the construction equipment makers hard. There have been redundancies, and short time working is commonplace.

There is over-capacity in most segments of the market but companies are reluctant to close plants down—indeed it is very difficult and costly to do so in most West European countries, including Britain.

Drastic

The extreme circumstances are, however, producing some drastic measures. Massey-Ferguson, the Toronto-based company which ran into severe losses in its construction equipment division, tried to find a buyer and when this proved unsuccessful decided to "rationalise" its European operations. Details are still to come.

And one of the UK's major construction equipment groups, Aveling Barford, which is ultimately owned by BL, and exports about 75 per cent of its output, has put a stop to its previous expansion plans. These were drawn up in the expectation that the pound would steadily weaken against the dollar. Instead the reverse has been the case and the business, while still bringing increases in turnover in unit terms, is making losses as the dollar slides.

"The construction equipment business worldwide is dominated by North American companies and it is a dollar business," commented Mr. David Abell, managing director of SP Industries, the specialist engineering group within BL which takes in Aveling Barford.

It is also true that the Americans more often than not have the technological lead and the major shares of output at the heavier end of the business.

However, since their home market is so vast and profitable, there are some North American groups which are fairly lazy exporters, seemingly unwilling in the past to adapt the equipment used in America for European operations.

The fall in the value of the dollar might lead to these companies thinking again about their export approach.

It must also have some impact on the investment intentions of the North Americans in Europe. In Britain particularly, where the American-owned companies account for perhaps half of the output of construction equipment, those investment decisions are extremely important to the industry's balance-of-payments performance.

There can be little hope that the Americans will actually increase capacity in the UK, given the excess capacity world-wide.

But a major effort is being made at Government level to interest them in using more British components and to widen the range of equipment they produce at their British plants.

Kenneth Gooding

Terex model 82-50, marketed by Blackwood Hodge, ripping sandstone

Labour CONTINUED FROM PREVIOUS PAGE

marked in the incidence of poor light and bad weather between the south and the far north of the British Isles.

Strikes and other disputes also affect productivity, of course, and a general rule here might be that the bigger the project the more scope there is for employer-worker conflict.

Employers say, however, that productivity tends to be rather lower than the national average in the north-west, parts of the east coast of Scotland and in areas of Yorkshire. Some of these are areas of traditional union militancy.

The unions say productivity would be considerably improved if the industry was totally decasualised and they also criticise employers on some projects for making incorrect judgment on ordering materials and providing accommodation and other facilities for the workforce.

Two of the biggest productivity problems, however, relate to factors which are to some extent apart from the normal framework of civil engineering.

One is the relationship between contractors and their clients. In what civil engineering employers call the "client hazard," project commissioners can make things difficult by being late with detailed drawings and intervening in industrial relations. The employers confederation say this interference is carried out most noticeably by nationalised industries.

The other feature is the complexity of the scheme. On big multi-contractural jobs, there is greater scope for bonus difficulties and problems created by groups whose work does not normally fit in with civil engineering. The employers say that the presence of electrical and engineering contractors, who have to bring on to site men who normally work in a factory environment, often creates labour relations problems. This might partly explain the difference in productivity levels on complex projects like power station building as against the more simple nature of road construction where productivity is high.

Generally employers and unions within civil engineering say that if they are left to get on with the job without outside interference, problems of on-site productivity can be settled quickly and amicably.

Nick Garnett

Falling profit margins

THERE MAY be some glimmerings of recovery in the building and civil engineering sectors but for most companies the worst effects of the recession are just beginning to show through in their trading performances.

In the UK although the bottom of the recession has been passed there is little sign of dramatic recovery. Parts of the building and civil engineering industry have performed well, such as private housebuilding and repair and maintenance work, but public financed construction (providing much of workload for the civil engineer) is still very depressed.

Moreover, overseas markets have become treacherous to operate within. The Middle East, which in better days contributed over a half of the UK contractor's and civil engineer's total overseas orders, has proved a difficult market in which to consolidate any sort of trading position.

After the quadrupling of oil prices in the autumn of 1973 construction activity in the middle east increased sharply as the large oil surpluses encouraged large spending programmes, UK contractors and civil engineers flocked to the middle east to seek what seemed to be highly profitable contracts which would at least offset some of the effects of the worsening conditions in home markets.

Comparable

However oil revenues have fallen, spending has been cut back, and competition has increased in those areas. There are many well established local contractors and civil engineers, some of which are comparable to companies of Wimpey's strength. There is a close relationship between the middle east and the U.S.

The South Koreans, perhaps aided by government subsidies, have made large inroads in Middle East markets by undercutting European contractors and civil engineers. In addition tender conditions are onerous with on-demand bid, performance and retention bonds complicating financing requirements of contracts. And fixed price contracts are often insisted upon by clients. All this and immense social, physical and administrative problems have made the UK contractor's life far from easy.

Those that have done well in spite of the problems have been the companies that can offer specialist high technology services such as offshore engineering, or the groups that are of a size that they can afford to endure the financial and trading headaches.

Smaller groups that have attempted to take on the bread and butter work such as road building, or the construction of drainage systems have found the going tougher. And because they have committed limited resources to developing overseas markets where they have little experience they have often neglected the home market, with the result that some have lost traditional market shares.

As the level of work available in the Middle East and other markets such as Nigeria has fallen so all UK groups have had to look beyond them to North and South America, other parts of Africa and the Far East to sustain overseas workloads. Those less dependent on overseas work have tended to concentrate once again on the domestic market.

In the UK the larger companies have successfully sustained workloads by competing for smaller scale work than they would normally do, although margins have been very thin because of the intensity of the competition.

But while order books are relatively full the dwindling number of long term contracts has meant that it is a constant battle to keep the order levels up.

Meanwhile civil engineering work is harder to come by than building work. Many companies who have relied on motorway building work programmes to keep up their civil engineering work loads have had to seek other outlets as public spending cuts have bit deep. Large scale industrial projects are often favoured such as power station contracts but these have not entirely compensated for the slump in the road building ordering.

Essential

Other large companies have found that it is essential to be nearer the customer while conditions are so competitive. Companies which have in the past handled civil engineering orders through a head office have found that it is now easier to secure orders through the regional offices which generally secure the building work. Although the work is often small-scale it is at least maintaining continuity.

Some have sought to offset some of their exposure to difficult market conditions by seeking joint venture or consortium work. And others have sought to diversify out of pure construction and civil engineering so that their risks are spread as widely as possible.

Over the years many of the larger companies have diversified into activities such as open-cast mining, property investment, oil and gas technology, property development and housebuilding. Others have seen that there is still some growth left in North Sea development work.

Although there have been many acquisitions by the larger groups for smaller concerns during the recession the sector has not seen a rash of mergers among the larger groups.

The larger groups have shunned each other because in many respects there has been an overlap of activities which could ultimately lead to a loss of market share. Instead they have chosen to seek highly regarded specialist companies, such as scaffolders or tunnelling operators who operate in areas where they have no capability.

So although in the UK the civil engineer faces a rather uninspiring future, there are encouraging signs that he is making the most of whatever opportunities present themselves.

John Moore

Status of the profession

WHEN THE Council for Engineering Institutions, the umbrella body representing Britain's 320,000 professional engineers, published its pace-setting report almost three years ago recommending that engineers should join a trade union, it highlighted the growing disenchantment among engineers over their pay, conditions, and status in modern industry.

That report has led to a bitter trade union war for the lucrative prize of representing the professional engineer—a war that is still being fought mainly between Mr. John Lyons's Engineers and Managers Association, and Mr. Clive Jenkins's Association of Scientific, Technical and Managerial Staffs.

But it also paved the way by drawing attention to the engineers' problems for the inquiry to be set up under the guidance of Sir Monty Finniston, former head of British Steel, into the whole engineering profession.

The Finniston inquiry has received a wealth of submissions since it began work last year. Not all the submissions, however, have been to Sir Monty's liking. In a private letter to the CEI he criticised engineers for being over polite in their comments and for being "high on diagnosis and low on prescription."

Although the committee was keen to have the views of practising engineers he felt there had been too much attention to pay, status, and conditions rather than to the underlying causes.

"What we are lacking from the inputs thus far are constructive proposals to tackle some of these weaknesses," he says. The committee was well aware of the problems affecting the profession in relation to training, deployment, and career development.

But he was keen to stimulate further debate on his inquiry by the profession at large. "The committee want to know what the engineers really think, even if this means that some of the meetings become a bit rumbustious and controversial. In fact if this happens, so much the better."

But while engineers themselves may be a bit reluctant in making their comments to the inquiry, the professional bodies have shown no such reluctance and are engaged in a no-holds barred contest to influence Finniston.

Conflict

The issue that they have chosen for conflict is whether or not there should be some kind of statutory body to set standards of qualification and rules of professional conduct for engineers as happens in other professions such as lawyers and engineers. The argument is that such a statutory body would enhance the public's confidence in engineers as well as actually helping to improve standards.

Licensing by such a statutory body would give a badly needed boost to the status and standards of Britain's engineers and, as a result, substantially improve the ability of industry to get the best use of investment and take advantage of new technology.

The professional bodies are not, however, split over whether such licensing should take place—although some of the more established bodies are not noticeably wholehearted in their support for the idea—so much as who should carry out such licensing.

Statutory registration means that engineers would have their standards of qualification and rules of professional conduct set and administered by a central body. This body would maintain a register of qualified engineers who would be able to use a distinctive title reserved to them by law.

Licensing would have the effect of reserving certain functions and jobs to registered engineers, such as already happens in the UK for doctors and lawyers. As many countries already operate a system of registration and licensing the lack of such a system in the UK is regarded with suspicion by foreign companies using UK engineers.

The battle lines over the control of such registration and licensing is broadly composed on one side of the CEI together with the Mechanical Engineers and several other CEI member institutions, and opposed to them are the Institution of Electrical Engineers, the Engineering Employers Federation, and the Institution of Production Engineers.

The CEI has told the Finniston inquiry that it believes the council is the appropriate body to carry out registration and licensing. It points out that it is already setting up a common register covering essential information about engineers. It believes that this form of registration is an efficient, economical and satisfactory method to use.

Such a registration procedure, it argues, would maintain and enforce a code of conduct for the protection of the public and also ensure that engineers belonged to a qualifying chartered institution.

The council believes that formal statutory recognition of its role as a registration body by the government would have the advantage of establishing engineers' credibility, especially in overseas work. It would also help establish in the public's mind the distinction between the professionally qualified chartered engineer and the general worker in industry.

The attitude taken by the CEI, which represents some 16 institutions of varying sizes, reflects the concern by a number of the smaller institutions that a new outside body could threaten their independence.

But the Institution of Electrical Engineers, which is traditionally regarded as one of the more progressive institutions, has made it clear to the inquiry that it believes registration should be carried out by a special publicly accountable council, composed mainly of professional engineers, but not directly linked to the instiutions. It argues that allowing the institutions to regulate themselves would not create public confidence in the profession.

The IEE believes its view will win support from Sir Monty whose terms of reference include the need to study the arrangements in other countries. A number of major western countries have registration and licensing controlled by an outside body and earlier this year the institution brought representatives from Canada, the U.S., and South Africa to a special meeting in London for them to explain how the system works.

Fears

Two of the main fears of UK engineers are that if control goes outside the existing structure, the profesion would effectively be taken over by politicians and civil servants. But the electrical engineers stress that the administering councils of existing registration bodies are composed largely of members of the relevant professions. The General Medical Council for the medical profession is a typical example.

But apart from the issue of registration and licensing, the Finniston inquiry is also looking at the problems of engineering training, especially at the university level. The Production Engineers, in their evidence, point out that the flow of qualified graduate production engineers has slowed down.

New ways should be devised, the Production Engineers argue, to allow engineers to advance to higher qualifications and to provide for re-certification in areas of rapidly developing technology. The Government should give extra backing, for example by encouraging more people to take up engineering as a career and by providing more maths teachers in schools. The universities should respond more quickly to changing needs by adding new subjects and changing syllabuses.

David Churchill

IRCAM, Paris

Stockhausen's Reise

by DOMINIC GILL

I wrote here a fortnight ago about the unveiling of the new *Espace de projection* at IRCAM—the Institut de Recherche et de Coordination Acoustique-Musique which lies deep underground next to the Centre Pompidou in Paris. The *Espace* is a remarkable room, with motor-powered walls and ceilings, capable of adjustment to almsot any size, function and acoustical character: it serves at once as an acoustical research area, a theatre, a recording studio, and also as a small concert hall seating up to 400 people—"the brain of IRCAM," Boulez called it, the meeting-point and nerve-centre of the Institute.

It was natural enough that the first public presentation in the *Espace* should be a concert—a pair of concerts in fact, two weeks apart, devoted to four new works commissioned by IRCAM this year in partnership with the Donaueschingen Festival, and performed by the Institute's resident instrumental ensemble, the Ensemble InterContemporain. At the opening, we heard new pieces by York Höller (from Germany) and Balz Trümpy (Switzerland)—this last a work which marked the successful completion and first use of a new ultra-rapid digital computer-synthesiser developed at IRCAM by the Italian physicist Giuseppe di Giugno, and which may eventually, I suspect, be seen as one of IRCAM's most revolutionary technical achievements. But the most substantial work of the four, as it happened, made no use of IRCAM's avant-garde technical resources—the only electrical effect prescribed by Stockhausen in his new *Michaels Reise um die Erde*, for solo trumpet and ensemble, is simple amplification.

Michael's Journey round the World is the second part of a long-term project which Stockhausen entitles *Licht*. Just as his last major work, *Sirius*, used the seasons of the year and the signs of the Zodiac, so *Licht* "gives new sense to the seven days of the week." It is a journey of epic, Wagnerian measure. When it is complete—even though many of the parts will be purely instrumental, Stockhausen calls it "operatic" and envisages an opera stage as the ideal venue—the whole work will take seven evenings to perform. The first part, *Der Jahreslauf* for dancers and orchestra, given its premiere in Tokyo in October last year, corresponds to Tuesday. *Michael's Journey* is an extract from Thursday—the whole "day" of which is planned to be staged at the Scala in Milan in March 1981.

The trumpeter Michael, played in this performance by Stockhausen's son Markus, enters from the right of the stage, dressed in mauve velvet pants and a full-sleeved white blouse, carrying an array of trumpet-mutes on a wide belt around his waist—like nothing so much as a young German hunter in serious pursuit of exotic kitsch. He climbs steps to a raised circular stage, and raising his instrument to his lips, gives an imperious blast to the four corners of the compass. The music begins. And it is indeed like almost no music Stockhausen has written before: there are echoes from earlier works (and some actual textual borrowings), but they are fleeting. Its chameleon surface is never still. It has the dreamlike quality of Stockhausen's *Trans*: the same sense of shifting, of superimposition, of brilliant contrasts of colour, swirls and eddies of sound blown like smoke.

Theatrically, visually, *Michael's Journey* may have its weaknesses: but much of the music of its 47 minutes, every bar strictly notated, is magnificent. Stockhausen holds his conductor's baton like a pen, and traces with it a magical journey of sound. Allusions abound: Michael lights at one moment in Bali—a glittering, frenetic chattering of music, seemingly suspended in time. In Germany he unearths a broad symphonic canvas, twilit cavern of Wagner and Brahms. From New York, a gust of blues; from Israel, maybe, a plangent Judaic melody. From some instruments there are wild, lyrical cadenzas; from others, quiet, luminous meditations. It is a rich and busy score, that one longs to examine carefully and hear soon again.

There is also the deadpan humour of *Trans*, sometimes apt-seeming enough, sometimes awkwardly placed. Two clarinettists enter from the left and hardly have the time to finish a quick riff of blues before they are blasted off stage by Michael's trumpet, both looking exaggeratedly abject and cowed. They re-enter cockily a few minutes later; but it is now a cellist who leaves the stage. Why? Is he tired of the maddening pair of clarinettists? Does he merely wish to visit the bathroom? The symbolism is nowhere clear—though we are given to understand that two trombones represent Lucifer, the orchestra is the World, and the basset-horn (sweetly played by Suzan Stephens, dressed all in flowing virginal white) is Eve.

The clarinettists, like slapstick comic satyrs, keep creeping back. There is a touching duet, beautifully played by Markus and Suzan, for trumpet and basset-horn. Towards the end, the two Lucifer trombones shout out loudly—more in ribaldry than in anguish. The house lights fade. The last five minutes, strange and lovely valedictory coda, are given in darkness. How Thursday—or indeed any other day of the week of *Licht*—will transfer to the opera house is an open question and will surely depend much on production and staging. *Michael's Journey* is an intriguing foretaste: we are greatly curious to see and hear more.

Guggenheim and Whitney Museums, New York

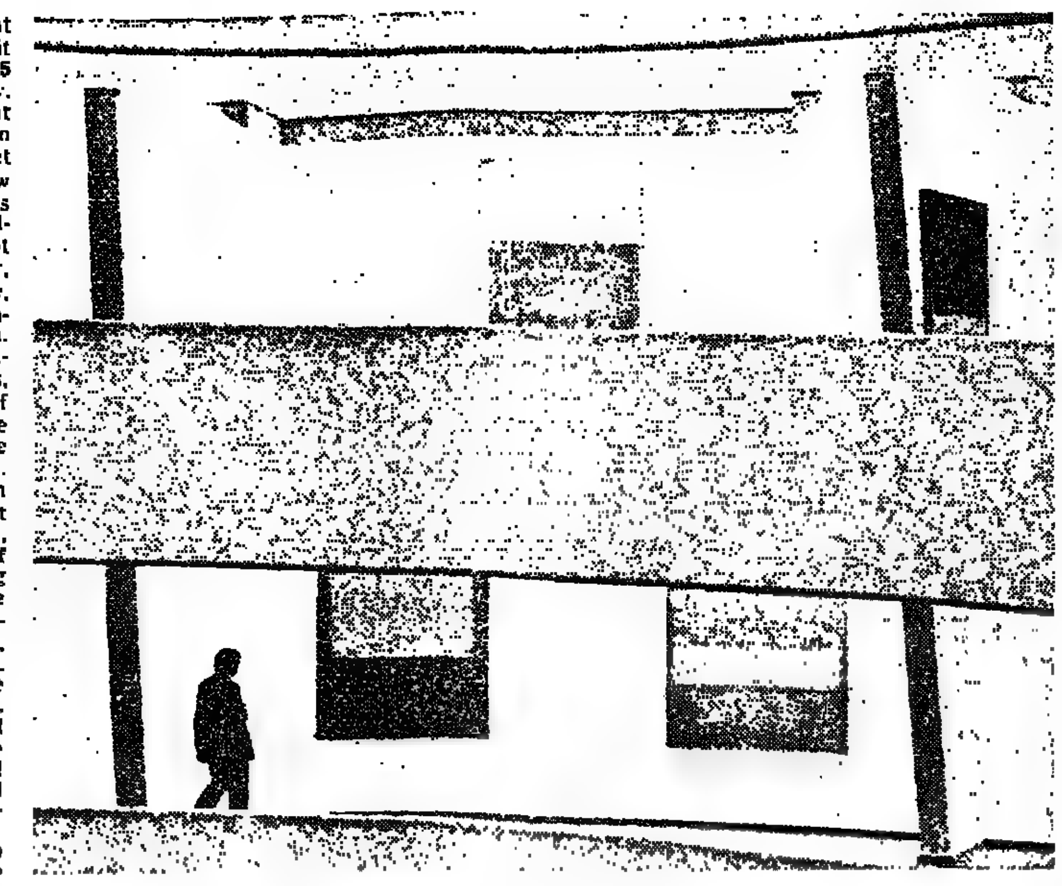
Mark Rothko—the inward landscape

by WILLIAM PACKER

The first Mark Rothkos that I ever saw in the paint, as it were, are still after some 15 years, very clear in the memory, a collection of his smaller recent works shown very much to advantage in the Bond Street basement of what delicacy now impels me to refer to simply as one of London's leading galleries. A fellow student, one not particularly noted for his piety, in urging me to visit the show, remarked that it was like nothing so much as going to church. And so indeed it was: the paintings sat quietly on the walls, calm, simple, glowing objects of contemplation possessed of the emotional power and impassive authority of the authentic icon.

Rothko's paintings had been shown in London before, but not extensively nor even regularly, and always in group shows of what we were already calling the *New York School*, that loose and sometimes misleading association of Pollock, de Kooning, Newman, Gottlieb, Motherwell, Hoffman and the rest, whose work in the 'fifties, so new, exciting and seductive, and backed up by the most plausible and effective national critical machine, had first intimidated and then swamped our uncertain European sensibility.

It has long been necessary to assimilate American Art once more within the wider western tradition to which it naturally belongs, and with which, in the War years at least, it once was openly identified. Many of the artists driven into exile from Hitler's Europe found their way to New York, where they were well received and naturally influential. In 1943 the Federation of Modern Artists and Sculptors, to which Rothko and his fellows belonged, restated its earlier condemnation of artistic nationalism, and went further to say: "As a nation we are being forced to outgrow our narrow political isolationism. Now that America is recognised as the centre where art and artists of all the world meet, it is time for us to accept cultural values on a truly global plane." Twenty years later American values had given those words a somewhat hollow ring.



The Mark Rothko exhibition in the Guggenheim Museum, New York

Today, however, the signs are that this desirable process of re-assimilation, no doubt made easier with the passage of time, is beginning to take place at home.

Two important exhibitions are now showing in New York, Abstract Expressionism: The Formative Years (at the Whitney until December 3), and a full Mark Rothko retrospective (at the Guggenheim until January 14, and then on to Houston, Minneapolis and Los Angeles). Neither of them exactly grasps the nettle of the European context and influence where it grows, which is on the walls (quite reasonably so with the Rothko) but the Whitney has lost an opportunity that is not to be made up by some rather equivocal husbandry in the accompanying publication.

But what we were seeing in almost every case was the mature work, picked up and celebrated only quite late in the careers of the artists concerned, which critical acceptance and subsequent expectation insisted they repeat: and we remained unaware, a certain amount of Greenwich Village *romancing* apart, of early struggles, attitudes and influences, and the route by which the present position had been achieved. The rationalisations came with all the advantages of selective hindsight: these artists had been making the same pictures, established their final style, for ten years or more, and surely that was enough. *Lèse-majesté* is a dreadful thing, and it never occurred to us, as we looked at each Emperor in turn, to ask him who his tailor was. These Americans were, indeed some still are, major figures: but their implied isolation, the suggestion that their Art was somehow a fact of Nature, pure and undefiled, and only lately discovered fully-fledged in the wilderness, was as unfair to their reputations as it was unreal.

But both there, and at the Guggenheim, we are shown the early work in unprecedented detail: and the connections are there to be made by anyone who cares to do so: Rothko to Tanguy, de Kooning to Picasso and Matisse, Baziotes to Miro and Klee, Hoffman to Soutine, Gottlieb to Magritte, and so on and on. And what emerges, helped by some magnificent paintings at the Whitney, a de Kooning Pink Lady of 1944 for example, and several major Gorkys, and by the extraordinarily impressive sequence of Rothkos at the Guggenheim, is that the great age of American painting came not so late as we had been led to suppose, but rather earlier, was probably over by 1950, and was at its peak during and just after the War itself, when the artists were comparatively unknown, active, enquiring, and unself-consciously ambitious as they measured up to their unexpected guests. The early Pollocks, with their vestigial, Picassoesque figuration, grow ever more interesting.

The Rothko show is a wonderful treat, despite the difficulties the Guggenheim itself puts in the way, the truncated distant view of all the larger works, and the sacrifice of the crucial middle view entirely: the work does triumph over the architecture. The hang is not strictly but effectively chronological, carrying us through the development, phase by phase, from the statuesque and symbolic figure compositions of the late twenties, and the stylised, attenuated figures of the thirties, through the surreal abstraction of the forties and the absorbtion of the image into the ground, the serene, almost euphoric achievement of the fifties, to the darker mood of the sixties and the final despair.

The coherency of the total oeuvre becomes very plain. From the first the compositional structure is simple and strong, with a pronounced vertical-horizontal emphasis and a shallow pictorial space: the characteristic division of the ground into horizontal bands appears surprisingly early. By the late thirties the figures have given way to something more fragmentary and associative, and openly surrealistic, totemic, Ernst-like, mythic images crowding up to the picture-plane, eyes, moons, beaks and shells registered against the flattened ground. The paint grows ever thinner, the statement of the image itself increasingly unassertive and perfunctory, reading almost as an after-thought. Often it is simply scraped into the ground, which is now the dominant, determining factor in the work. The titles are of great importance, deliberate, ominous, atavistic references. The paintings have become self-absorbed, psychological landscapes.

And then quite suddenly, just after the War, the colour clears, the paint becomes firmer, the mood lightens. Imagery is now reduced to the simple abutment of colour against colour field by field, the drawing not imposed but implied, the brushwork teasing each element up to its neighbour in the nicest accommodation. By the late forties the simplicity that marks the rest of his life's work is established: and these last transitional paintings, at the end of a decade of rapid and continuous change, are among the most beautiful and exciting of them all.

It has been suggested that Rothko's suicide in 1970 was caused by unbearable commercial pressure upon him, and the open exploitation of his work: but it might have been due, at least in part, to the realisation that he himself had made and put on a stylistic straight-jacket that he could not get off. For 20 years he had used essentially the same compositional device, the same painterly formula, and his final works are very moving in their despair. Yet in that time he produced many great paintings, some of them among the most ravishing ever made: and through them, quite as much as through the more obviously directed earlier work, we too may consider the fundamental abstractions that Rothko always saw as his essential subject, the worlds of experience and imagination, and at last the tragic silence at the heart of the human mystery. He was without doubt a great artist.

New York dance

Merce Cunningham

by DAVID VAUGHAN

Merce Cunningham formed his first company 25 years ago. He is not given to celebrating that sort of jubilee—he's probably more interested in what he's going to do next—but the programmes of his recent season at the New York City Center did provide a retrospective of his repertory going back as far as the late fifties (*Summerspace* and *Rune*), as well as presenting several works new to local audiences. The first of these, *Inlets*, given in Seattle, Washington, last year, is a collaboration between Cunningham, John Cage, and the Northwestern painter Morris Graves, who met each other in that city some 40 years ago.

The piece evokes the climate and geography of the Northwest United States: the very title suggests the landscape of Puget Sound. A gauze curtain hangs across the front of the stage, through which the dancers are seen, dimly at first, as though in a mist, while behind them a large silver disc moves slowly across the backcloth. There is a great deal of stillness in the dance—even when some of the dancers are leaping about the stage, at least one is usually holding a static, often archaic pose.

As with so many of Cunningham's works, one inevitably responds to *Inlets* as drama, rather than as "abstract" dance, in this case the drama of natural events, of time and tide. Cunningham's big new company work, *Exchange*, on the other hand, seems to depict an urban landscape, an effect heightened by the gritty greys of Jasper John's backcloth and costumes, and the industrial noises of David Tudor's score, which sounds like sirens, lathes, pneumatic drills. It may be these elements that create the initial impression of an unremittingly stark, even sombre, vision, but then Cunningham's works are the product of collaboration, however fortuitously arrived at.

To some extent the title of *Exchange* indicates the nature of the choreographic structure: one group of dancers is replaced by another, then later these groups intermingle, with some switching of partners among the couples. One sequence in which four women move around, under, and over Cunningham as he lies prostrate on the floor is later repeated and elaborated by a single woman and another man.

Karole Armitage and Robert Kovich in 'Fractions'

The theatrical impact of these pieces owes much to Cunningham's own presence as a possibly tragic protagonist, isolated from the younger dancers of his company. It may be true that, in terms of agility, he can do less and less, but he finds more and more ways to do it. His new solo, *Tango*, shows him in familiar guise as the most elegant of clowns, arms and legs shooting out at absurd angles while he passes a small cloth from hand to hand. At the end he puts his right arm into the sleeve of a trench-coat and thrusts it up and out, a typical Cunningham stance. His "partner" in this tango is a colour television set, which doesn't stand a chance against him. Cage's music, called *Letter to Erik Satie*, begins with Cage himself vocalising the individual letters of Satie's name.

In some of the older works, Cunningham has relinquished his own roles to Chris Komar and Robert Kovich, the freedom and breadth of whose arial movements recall Cunningham's own in former days. The current company is the largest Cunningham has ever had, 15 in all, and one of the strongest. Their quality as an ensemble is clear in the large effects of *Exchange*, while individual brilliance is seen in another new work, *Fractions*, originally choreographed as a video piece taped in Cunningham's own studio, and revised for the stage. Both Komar and Kovich have virtuoso solo passages, as do Karole Armitage *and Lisa Fox, and there are some* beautiful duets, including one for Armitage and Kovich, their bodies slowly folding and stretching about each other.

Although, as is well known, Cunningham habitually uses chance methods of composition, there is an economy and austerity in the resulting works that can only be called classic. The long ballet *Torse*, for instance, though made according to a chance-structure derived from the *I Ching*, achieves, with its solo "voices" emerging from the complex antiphonal patterns of the ensemble, the purest kind of visual music, a choreographic concerto grosso. At the same time, his work is always theatre; for his ballets to make their fullest effect, it is important that the dancers have some character as individuals, and the strength of the present company lies as much in that quality as in their impressive technical strength.

But Cunningham stands alone, by virtue of the power of his gesture and the authority of his presence: one of the most moving things about dancers is their capacity to endure (one thinks of Fonteyn, Astaire, Danilova), and Cunningham is a living embodiment of the truth of Brecht's statement that the purpose of theatre is to teach us how to survive.

Mitchell Prize

The 1978 Mitchell Prize for the History of Art ($10,000), a major annual prize initiated last year by Mr. Jan Mitchell of New York City, has been awarded jointly to Martin Butlin and Evelyn Jolly. It was given for their definitive, comprehensive and fully illustrated catalogue *The Paintings of J. M. W. Turner*.

This two-volume work was published in 1977 by the Yale University Press, New Haven and London, for the Paul Mellon Centre for Studies in British Art, and the Tate Gallery.

Mr. Butlin, Keeper of the Historic British Collection at the Tate Gallery, has written extensively on British art, and was co-organiser of the bicentennial Turner exhibition held at the Royal Academy in 1974-75. Mr. Joll is a managing director of Thomas Agnew and Sons, the Bond Street gallery which has dealt with Turners for over 125 years.

Wigmore Hall

Irina Arkhipova

Another Russian Sunday at the Wigmore Hall. Last week we heard the baritone Masurok, this time another big star, the mezzo Arkhipova. The effect, however, was different. At the present stage, at least, Arkhipova cannot quite rival Masurok's exceptional vocal quality, though she herself has a fine, even, lustrous instrument in spite of a hint or two now of wear and tear—in mezza voce passages, for example. As an interpreter, she beats her colleague hands down. She communicates; he just sings. From the first phrase of Marfa's fortune-telling aria from *Khovanshchina* on Sunday she held her large audience with her unforced command of the grand style.

More Mussorgsky came later with the *Songs and Dances of Death*—in the "serenade" the singer allowed her tone to become quite opulent, the "trepak" was dramatic without exaggeration. In between she gave us four songs by Georgii Sviridov (born 1915), described as a "cycle" on poems by Isaakian—whether they are a complete cycle or excerpts from the "marathon setting" described in the book *Soviet Composers* by Krebs the programme did not make clear. Anyway, Miss Arkhipova made a good case for them, with their well-tried Russian idiom economically and effectively used with an occasional telling displacement.

After a Covent Garden length interval she sang Chaikovsky and Rakhmaninov. Of the former, Pauline's song from *The Queen of Spades* and the Six Songs on poems by Daniel Rathaus, which include the doleful "Again, as before, alone" and two less familiar but very choice lyrical outpourings, "The sun has set" and "In sombre days." Of Rakhmaninov, "The lilacs," with the voice fined down to a rivulet and the sad one that sounds like a reminiscence of "Prince Igor."

Singers who allow themselves the emotional luxury of both these composers ought to include Glinka as well for salt and lemon juice. Miss Arkhipova did not do so but righted the balance with a surprise encore in the form of Cherubino's first aria from *Figaro* and then with the lovely unaccompanied aria from Rimsky's *The Tsar's Bride*.

RONALD CRICHTON

Festival Hall

Schoenberg and Shostakovich

by DOMINIC GILL

The Royal Philharmonic Orchestra under Lawrence Foster devoted their programme on Sunday to two works, each radically different in style and intent, but both completed, if not strictly speaking in the same calendar year, within 12 months of each other, between December, 1941 and December, 1942—a veritable mirror in miniature of the polarities of the mid-20th century.

Shostakovich's Seventh, the "Leningrad," still crops up quite regularly in the concert hall, for all its epic length, and its rank as arguably one of the less successful of Shostakovich's "heroic" symphonies. Schoenberg's piano concerto on the other hand, barely half an hour long, and one of the minor masterpieces of this century, is these days very rarely heard. The neglect is wrong, and strange—for there is no work of Schoenberg's late period less likely to frighten audiences, or more capable of demonstrating that 12-tone serial technique is not merely reconcilable with, but was in Schoenberg's case specifically a tool and function of, the deepest currents of "romantic" expressiveness.

I suspect that conductors and pianists are more frightened of the concerto than any audiences would ever be: but that is another matter. The score clearly held no fears for Sunday's soloist, Roger Woodward—who proved an ideal interpreter, warm and forthright, and excellently clear, commanding just the right clean, crystalline timbre at climaxes to pierce the busy orchestration. He found many beautiful things in his music; the sighing poetry, as well as the quick, deft prosody, of the opening section; the dark, sharp-edged contrasts of the slow-movement cadenza; the floating colours, eddying in and out of the orchestra texture, of the finale's ghostly waltz.

Foster was an attentive accompanist, quick to seize on the extremes of light and shade, a little weaker in the quieter conversations, the subtler middle ranges. His direction did also from time to time seem to fall too easily into sections: the score gives conductors a bumpy ride, but it can be drawn together more smoothly, and more sensuously. A promising partnership, nonetheless, that must surely mature.

Imperial aids Glyndebourne

Imperial Tobacco is to sponsor two new productions at Glyndebourne—*Fidelio* in 1979 and *Der Rosenkavalier* in 1980. In the past the company has supported two Mozart operas—*Don Giovanni* in 1977 and *Die Zauberflote* this year. Bernard Haitink will conduct both the forthcoming operas; Peter Hall will produce *Fidelio* and John Cox *Der Rosenkavalier*.

Elizabeth Hall

Eschenbach and Frantz

On Sunday afternoon Christoph Eschenbach and Justus Frantz completed their cycle of Mozart's music for two pianists. It was spread rather thin—there was just 55 minutes of music this time, exclusive of encores; but the weight of a programme drawn from Mozart's last decade is not to be chronometrically assessed. It began and ended on two pianos, with four-hand arrangements for one piano in between. Of the latter, the fragile, thoughtful G minor Fugue K. 401 goes as well on four hands as on two, and was picked out here with bated-breath delicacy.

The other duet-version (by whom ?) was of the transcendental F minor Fantasia K. 608, written on commission for a clockwork organ. It has settled into the repertoire of the organ, where it need not be cumbrously confined to a single manual: this performance looked like the children's game of piling up everybody's hands and snatching them away from the bottom to the top. Though precisely elegant, it wanted power—despite its intended original instrument, it is not a mini-piece by any standard. The fine two-piano Fugue in C minor, K. 426, which we heard earlier sounded less constricted, and Eschenbach and Frantz shaped and shaded it with extravagant subtlety.

Eschenbach's inclinations in Mozart are generally introverted and hyper-sensitive, and the buoyant brilliance of the two-piano Sonata in D, K. 448, promised to challenge them. In the event we had a winning compromise: the pianists ushered in the quick movements with energetic glitter and concluded them in the same spirit, reserving their suggestive half-lights for the middle portions. The irrepressible playfulness of the music was kept at the level of high comedy.

DAVID MURRAY

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Tuesday November 7 1978

The power of emotion

THE UNEXPECTED result of the Austrian referendum on Sunday, which effectively brings the country's nuclear programme to a halt, will bring great encouragement to anti-nuclear campaigners in other parts of the world. Although the majority was narrow—the turnout was 64 per cent and only 50.47 per cent of the votes were against the commissioning of Austria's first nuclear power station—this does not alter the fact that Chancellor Bruno Kreisky, a popular and well-respected leader, has suffered a serious political and personal rebuff. The outcome may make politicians in other countries even more reluctant to commit themselves on an issue which evidently arouses such passionate and well-organised opposition. This in turn will increase the feelings of frustration and uncertainty within the nuclear industry itself.

Opposition

In virtually all the industrial countries the expansion of nuclear power has been held back by public anxiety over safety and environmetal difficulties; at the present time the main focus of attention appears to be the handling and storage of nuclear wastes. In the U.S. it now takes some 10-12 years to build a nuclear power station and attempts to speed up the licensing procedures have met with fierce opposition from environmentalist groups. Two years ago voters in California and several other states decisively rejected proposed bans on nuclear power, but this has not prevented other legislative obstacles from being created.

In West Germany the nuclear programme has been impeded both by court decisions and by violent demonstrations on sites chosen for new power stations. In Sweden hostility to nuclear power was one of the factors that led to the downfall of the Social Democrats in 1976: although the leader of the victorious coalition, Mr. Thorbjorn Falldin, failed to carry through his promises on nuclear power and has been forced to resign, the issue remains a dangerous and divisive one in Swedish politics.

As the Austrian case shows, opposition to nuclear power comes from a wide variety of groups and it is often difficult to see what comomn threat unites them. It is tempting to suggest that if only people knew more about nuclear power, including its safety record, their doubt would be allayed. But, as Mr. Justice Parker pointed out in his report on the Windscale inquiry, "in some cases anxiety and hostility can be dispelled by greater knowledge, in others they may be increased, while in yet others they will remain no matter that those who fel them recognise them to be irrational." The anti-nuclear movement includes some elements from the lunatic frings on the Left and on the Right, but it also has some articulate and persuasive spokesmen who appeal to a wider audience, especially in the U.S.

Because of the technical complexity of nuclear power, and because it is so easy to stir up emotions by references to Hirochima and Nagasaki, there are obvious advantages in obtaining public consent by means of a public inquiry, on the British model, rather than through a referendum. But, however, dispassionate and intellectually compelling the conclusions of a public inquiry may be, it will not in itself silence the opposition. Obtaining support from an independent tribunal does not eliminate the need for a continuing effort by political lenders to explain why nuclear power is necessary.

Education

Convincing the public that nuclear power is needed and is safe has become one of the central tasks of energy policy. Energy forecasting is notoriously hazardous, but few would disagree with the conclusion reached at the London Summit last year that "increasing reliance will have to be placed on nuclear energy to satisfy growing energy requirements and to help diversify sources of energy." Unfortunately a good many people either do not accept this general proposition or believe that a large-scale commitment to nuclear power will damage irreversibly the social and environmental fabric of their country. In a country like the U.K., where the anti-nuclear lobby is at present relatively weak, politicians may feel under no great pressure to take a stand on these matters. But the Austrian example should remind them that the campaign of public education cannot begin soen enough.

Moderation at Baghdad

THE OUTCOME of the Arab summit meeting in Baghdad which was held to marsbal opposition to President Sadat of Egypt and to the Camp David accords on the Middle East, is the best that could have been expected. At least in public, the 21 states which attended the conference have simply reaffirmed their disapproval of the Camp David agreements. Some of the resolutions of the conference have been kept secret, but it appears that the Arab states failed to agree on an economic and political boycott of Egypt, on the removal of the headquarters of the Arab League from the Egyptian capital, or on the provision of funds to strengthen the states still confronting Israel.

Separate peace

This appears to be a success for the moderate Arab states, led by Saudi Arabia, which, while disliking the idea of a separate peace with Israel, did not wish to weaken President Sadat's position. The opposition to Mr. Sadat has not become any more dangerous, and there seems to be little to hinder him from going ahead with signing the peace treaty the details of which appear to be nearly finalised with Israel in Washington.

Yet the fact that the Arab states have taken a common stand against the Camp David accords cannot be ignored. The consensus groups the more conservative states alongside the more radical, like Syria and Algeria. The unpublished agreements reached at Baghdad may allow individual states to take action on their own against Egypt if Mr. Sadat goes ahead and signs a separate treaty with Israel, and while it seems likely that Saudi Arabia will continue its large-scale financial support to Egypt, it is less certain that Kuwait and the United Arab Emirates will do so, at least as generously as they have up to now.

Before the summit began Syria sank its differences with its powerful neighbour Iraq to form a common front which has large financial and military resources. These could, if effectively deployed, pose a major threat on Israel's northern and eastern flanks. Iraq's own prestige in the Arab world is increased by its having staged a conference which did not divide or break down over the host government's own uncompromising radicalism, as might have been expected. The new axis of Iraq and Syria has become the core of the opposition to President Sadat and makes it almost inconceivable that at this stage King Hussein of Jordan could contemplate any kind of negotiations with Israel under the framework of the accord reached at Camp David, in relation to the Israeli-occupied West Bank and Gaza Strip. The close links Syria and Iraq both have with Moscow give the Soviet Union a potentially stronger position in this part of the Middle East than it has had for some time.

Palestine problem

Yet it is very difficult to see how this axis can in practice prevent a peace treaty from being signed between Egypt and Israel. The Baghdad consensus of Arab states cannot be stretched too far. The Soviet Union has not indicated that it has anything new to offer as a solution in the Middle East. The most constructive policy that the Arab states can pursue is to see what more can be extracted from Israel than it conceded at Camp David, which obviously fell well short of the basic Arab demands for a settlement of the Palestine problem. The strengthened military posture of the northern states puts the Arabs in a stronger position to negotiate. It is a striking fact that the Baghdad declaration has no outlawed negotiations.

U.S. mining's search for a healthier environment

BY PAUL CHEESERIGHT

THE ANTAGONISM of the U.S. mining industry to govermental regulations, especially those dealing with environmental controls, has reached such a pitch that one industry leader, Mr. Charles Barber, chairman of Asarco, a major minerals group, and vice-chairman of the American Mining Congress, has been driven to apocalyptic comment.

"Unless something changes, 10 years or 20 years from now our mineral industry will have disappeared," he said.

It is the cost of conforming to the regulations, especially at a time of depressed market prices for many minerals, which is the basis of industry complaints and fears that it will lose its competitiveness in the face of cheaper overseas producers.

But the Carter Administration's anti-inflation policy may be the instrument for softening this antagonism because it has led to the first examination of the economic effects of governmental regulation on industry.

The impact of regulations

The Administration's message was carried to the industry's annual convention—the meeting of the American Mining Congress, held recently in Las Vegas.

Mr. Robert Strauss, the President's counsellor on inflation told the congress: "The President has recognised that any meaningful attack on inflation must come to grips with the impact of government-imposed regulations. As a beginning, the President last March signed an Executive Order requiring agencies to analyse the necessity and cost effectiveness of all proposed regulations and that they assess the implications of alternative approaches."

It was an implicit acknowledgement that the industry had a case. Certainly the case was repeated often enough, in one instance by Mr. I. G. Pickering, the vice-president for environmental affairs at Kennecott Copper.

"Government, through its agencies, embarked several years ago on a course of achieving environmental, health and safety absolutes, and it has not changed that course in spite of the warning signals it has been given through the mining industry, to name just one of many." he said. "If the Government continues to require that the mining industry commits its assets to pollution control until it is at break-even point or is failing, the industry cannot continue to exist as a viable industry in this country."

Or, as Mr. Barber said when commenting on a Department of Commerce study which showed that by 1987 the cost to the copper industry of meeting environmental regulations would rise to a total of $4.5bn: "The subject in terms of the national interest is too serious for oratory."

The Department of Commerce study extended work done for the Environmental Protection Agency, the industry's *bête noire*, and is part of the process of looking at the cost effectiveness of the regulations. The difficulty is that nobody has yet found a means of measuring the economic benefits of pollution control.

Mr. Douglas Hale, the senior economist at the EPA, acknowledged at the conference that much had been written about theoretical approaches to evaluating reduced health risks, reduced property damage, higher crop yields and so on. But he added: "If you ask the hard question—is the benefit estimate good enough to base significant public policy decisions on—the answer is no in almost every case."

This might seem on the face of it a rather academic argument, or just another chapter in the lengthy chronicle of mining industry disputes with a government—after all, they go on all the time. But the issue is of wider importance because of the mining industry's role as one of the motors of the U.S. economy.

Last year, according to the Department of the Interior, the value of U.S. domestic non-fuel mineral production reached $16.99bn, and was the basis for approximately $170bn worth of processed materials of mineral origin.

As a rough yardstick of comparative values, the worth of U.S. manufacturing production in 1977 was $583.9bn, expressed in 1972 dollars.

But the issue of governmental regulations also has strategic implications. It has been noted that metal imports have grown even for products where the U.S. industry has the capacity to meet all domestic needs. It is also noted that the tendency towards reliance upon imports has increased.

Last June, Mr. Cecil Andrus, the Secretary of the Interior, appeared before the Committee on Interior and Insular Affairs at the House of Representatives. During his testimony he said: "In the last few years, this committee, along with many others within and outside government, has become increasingly concerned about the health of the U.S. minerals industry and the security of our future minerals supplies from abroad."

It was not for nothing therefore, that, following a reorganisation of the Executive Office of the White House, minerals policy was singled out as the first area for review under the Domestic Policy Review system, created in September, 1977.

Called the Nonfuel Minerals Policy Review, the work will be split into two parts. The first, Problem Analysis, will be completed by the end of this year, and the second, Policy Analysis, by August, 1979.

Particular attention will be given to 12 minerals, among them asbestos, chromium, cobalt, manganese and nickel where the U.S. import reliance is above 70 per cent, and others like copper where the industry is depressed not only because of the state of the international market, but because of the inability to reconcile the needs of industry with the environmental policy of the Administration. However, of more significance for the future of the industry's relations with both the federal and state governments, a conscious attempt is being made in the work of the review to balance all the interests involved.

Mr. Roger Markle, recently appointed director of the Bureau of Mines told the conference: "Every federal agency with a major interest or impact on mineral supply is participating, and the review has been planned and organised to maximise their contributions. Among them are the Departments of Interior, Treasury, State and Commerce, the Environmental Protection Agency, the Council on Environmental Quality, the Council on Wage and Price Stability, the Office of Management and the Budget, and the Central Intelligence Agency."

Anxious to see his Bureau win a role in policy-making denied it at present, Mr. Markle thinks that what he calls "an on-going evaluation" of the industry and its role in the economy is necessary. And this would be welcome to the industry, because, if there is one basic reason for its generally poor relationship with the federal Government, it is that neither side has a clear idea of what it wants from the other. The relationship, as a politician from the Western states put it, is one of confrontation.

The Mining and Minerals Policy Act, 1970 sought to establish the conditions necessary for a healthy mining industry. But now the industry is boxed in by a series of Acts—Clean Air, Federal Water Pollution, Marine Protection, Federal Insecticide, Safe Drinking Water, Toxic Substances Control, Resource Conservation, Surface Mining Control and Reclamation and Clean Water. All these were passed between 1970 and 1977.

In effect, the industry has found that the old, free-wheeling days have gone and it has not been able to define a policy which takes account both of the concerns of a general public more interested in national parks and clean air, and also of its own need to make profits for survival.

At the same time, however, public opinion as reflected by Acts of Congress in recent years, has not yet come to terms with the fact that more expensive methods of production ultimately mean more expensive manufactured products. There is little evidence that the public in the U.S., or anywhere else for that matter, realises or even wants to know that, for example, 40 minerals are used in the manufacture of every telephone.

Washington officials have been using their Congressional mandate for cleaner air, water and so on with vigour. But one of the difficulties has been that there has been no attempt to formulate a co-ordinated environmental and regulatory policy. Acts have emerged from Washington, each one worthy in its own way, but unrelated to what has gone before or might indeed come afterwards.

Each area of environmental protection has spawned its own agency. Thus, in addition to the EPA, the industry has to deal with a range of bodies like the Office of Health and Safety Administration, the Mining Safety and Health Administration, as well as authorities at state and district levels.

Confusion and hostility

The result has been a confusion of policy application on the one side and downright hostility on the other.

This lack of mutual understanding reveals itself in coal policy. It has been the policy of successive administrations to increase coal production, but it has also been their policy to retain public lands on which the development might take place.

The industry has not been helped in its own case by memories of the past conduct of some mining companies. At the time it most needed public support, it found either a wall of indifference or definite antagonism. "The Parent-Teacher Association has bigger clout than the mining companies," said the Governor of one of the mineral-rich Western states.

"Mining carries such appellations as 'rape, ruin and run' and conjures up pictures of scarred lands, blackened miners at the end of their shift, and 'obscene profits' for executives," noted Ms. Sylvia Sitzman, past president of Women in Mining, a pro-industry body, told the conference.

"To the public the industry wears black hats. In order to achieve our objectives, it is necessary to win public suport, and that support is unlikely to be forthcoming until we can prove that the industry wears white hats," she added.

This state of affairs is at the root of the industry's apparent lack of success in its lobbying efforts in Washington. Congressmen have observed that although the case for the industry comes over strongly enough in presentation, it lacks force because it is not accompanied by pressure on Representatives and Senators from the home states.

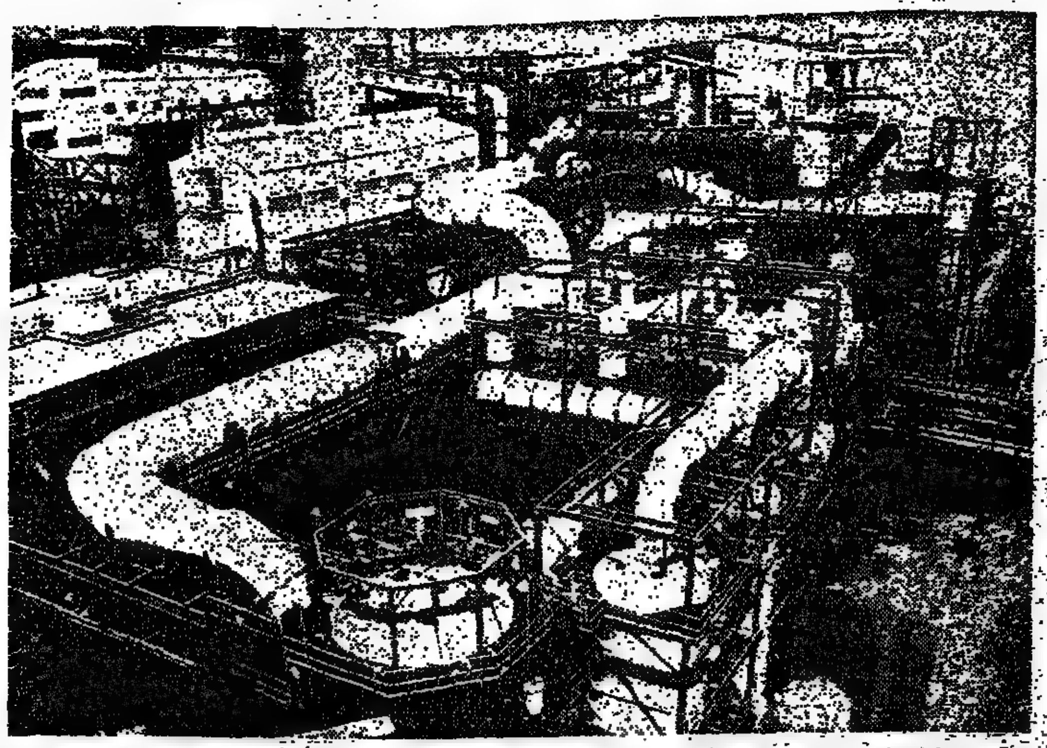
Senior executives in the industry also feel that their case for greater operational freedom has been set back because people newly appointed by President Carter at the level just beneath Secretary in the big federal departments have still to learn their jobs. The number of new appointees with direct experience of the mining industry is minimal and the emphasis of their approach has been from the point of view of the consumer rather than the producer, the industry executives say.

None of this makes for easy relations between the industry and the Carter Administration. But economic pressures as they are—notably the desire to hold down costs — could push the Carter Administration towards a policy balancing efforts towards a clean U.S. and the encouragement of the industry. It will be some years before the two elements coalesce.

PROJECTED COSTS OF REGULATION ON U.S. COPPER INDUSTRY, 1974-87 (1974 dollars)

	Environmental Protection Agency Calculations		Department of Commerce Calculations
Regulations	Constrained Capacity (1)	Reduced Capacity (2)	Aggregate effect
Air	2.9bn	2.69bn	2.7bn
Water	75.7m	73.4m	705.1m
Worker Health	na	na	1bn
Land	na	na	90.7m
Total	2.97bn	2.77bn	4.5bn

Notes: (1) Least effect of regulations, assumes no smelter closures and 10 per cent increase in capacity.
(2) Assumes closure of three out of 16 smelters.
Source: U.S. Department of Commerce



The maze of pipes in a new acid plant at Kennecott Copper's refurbished smelter near Salt Lake City. By helping the capture of sulphur, the plant improves ambient air standards. Recent investment in the smelter has cost $280m. But the industry is increasingly worried about meeting the cost of anti-pollution regulations.

MEN AND MATTERS

Playboy for all seasons

Is Gunther Sachs, former husband of Brigette Bardot, in danger of losing his title of West Germany's most envied playboy? The possibility arises, not because of advancing years —he is 45—but because of his sudden immersion in business.

Since his elder brother, Ernst Wilhelm, died under an avalanche two years ago Gunther has been heading the family whose company, Sachs AG, is responsible for 70 per cent of all the West German vehicle manufacturers' clutch requirements.

Earlier this year Guest, Keen and Nettlefold sought to buy a majority of Sachs but eventually had to abandon this aim. Now Sachs himself is reportedly responsible for putting together the £35m deal which has given Salzgitter, the West German state-owned steel group, a 23 per cent share in his family company.

This deal and the sale of GKN's 24.98 per cent share to Commerzbank have achieved Sachs' aims of broadening the ownership and allowing the family to retain control. But those who know Sachs are less surprised at this apparent acumen than would be the average newspaper reader.

Sachs' unashamedly extravagant style of life is regularly featured in colourful, if ostensibly tut-tutting detail, by the popular press. But his most recent utterances have been about such unplayboyish matters as keeping control of his company.

It remains to be seen whether Sachs will move from his much-photographed villa on the French riviera to the more prosaic surroundings of the company's manufacturing plant at Schweinfurt, Franconia. But over the weekend Sachs revealed that he has finally managed to win recognition from a Munich court that he is a Swiss tax resident. He is thus likely to owe little tax either on the DM 110m paid to the family by GKN or on the DM 133m it has just received from Salzgitter.

Striking claims

The Department of Health and Social Security is continuing to serve the purpose for which it was established—to control people out of work, and to starve or humiliate them back to work on the employers' terms." So reads part of an information sheet put out by the "Claimants' Union" of Ford Workers. With the word "fraud" instead of Ford in the company's logo, the leaflet complains that the DHSS is not giving supplementary benefits to single workers and is making all Dagenham strikers post their claims to a building in Holloway with no public access.

The DHSS seems unperturbed by the accusations. Asked if it was really allowing its staff to tell Ford claimants "Why should we give you money when you're fighting the Government?" its spokesman replied "Our staff would not and should not be saying anything like this. The rules are there and staff must go by procedure, not enter the rights and wrongs of industrial disputes."

The spokesman added that three single strikers had received help as they were "urgent cases" but that large amounts had been paid to the families of married workers—no less than £556,000 to the end of October, I was told.

And why the need to apply by post? "Oh, that is a special centre dealing just with Ford workers. Think how hard pressed our normal offices would be if apart from their normal workload lots of hairy strikers descended on them."

Radical sheikh

A case of history repeating itself as farce, one is tempted to remark, after the latest exploit of the unpredictable Italian radical party. Last month the Catholic Church broke with 450 years of history to choose a foreign pope. Now the radical party whose zaniness is matched only by their lack of numbers, has chosen Jean Fabre, a 31-year-old French pacifist facing a prison sentence back home for desertion, as their new secretary general.

The choice is also in its way historic, even if it owes a great deal to typically abstruse backstage politicking within the party. As Fabre himself—already irreverently dubbed the "Wojtyla of the radicals"—has pointed out, what more European gesture could there be than to pick a national of another EEC country to lead the troops into the first direct elections for the European Parliament?

The move is unprecedented and has Italian constitutional experts wondering just what the implications are. There is apparently nothing to prevent a foreigner leading a party in name, but everything to stop him doing what a party leader is supposed to do: winning elections and becoming Prime Minister.

That is not, however, a fate likely to befall anyone connected with the Italian radicals, though they do have four seats in the Rome parliament. And then, of course, the poor fellow can't even vote.

Lost and found

One of the more trying moments in the life of urban man is when it dawns on him that he cannot remember where he parked his car. He walks forlornly down less and less familiar streets, restraining the urge to ask a policeman. Finally he realises he is lost himself, hails a taxi, and pours out his tale of woe.

Even this does not always work. A taxi driver told me yesterday that he had driven a client round for three hours before she abandoned the search with £10 on the clock and no solution in sight—except the happy thought that the car might have been towed away.

Until recently even a National Car Parks ticket clutched firmly in the fist was not the lifeline it might have seemed—it carried only the address of the head office in London's Charlotte Street, where bewildered tourists would find themselves no nearer their vehicles. NCP has now started stamping the name of the actual car park on to the tickets.

"It's incredible how many people get lost," NCP's UK operations manager Peter Bewsey told me. "Where there's a language problem it's very difficult to sort out in which of our 283 car parks in London and the surrounding area they've parked—or even on which side of the Thames they've parked." It seems that many visitors cross and re-cross the river several times without realising it.

The lost tourists still turn up occasionally at Charlotte Street, I hear—having lost their tickets. Bewsey's technique is to try to make them retrace their steps from the coast. "It can take hours," he tells me.

Fruitful thought

Sign in a Berkshire bakery: "Christmas puddings like mother used to make, £1. Christmas puddings like mother thinks she used to make, £1.50."

Observer

The remoulding of the plastics industry

BY SUE CAMERON

ONE OF the funniest moments in the film *The Graduate* was when a middle aged businessman cornered the anguished young hero at his 21st birthday party and told him: "I'm going to say just one word to you, Ben—just one word. Plastics."

Dustin Hoffman's look of disbelief as he tried to come to grips with this embodiment of the synthetic face of capitalism brought howls of laughter from cinemagoers all over the country—especially the younger ones. But that laughter would find no echo among British plastics processors today. They are only too aware that one reason why the scene was so amusing is that both domestic and industrial consumers still tend to think of plastic products as being nasty, cheap, unaesthetic and unreliable.

The industry is now attempting to change its public image with the aim of boosting sales at home and increasing its share of export markets. Plans, proposals and exhortations to improve products are beginning to fly thick and fast among those official bodies that are concerned with plastics processing—yet the single most important influence for change is probably the structural reorganisation that is now taking place within the industry.

There are between 4,000 and 5,000 plastics processing companies in the UK today sharing a market that is estimated to be worth about £2bn a year. The great majority of them are tiny concerns employing fewer than 25 people. Only about 20 companies have an annual turnover of more than £20m and, as yet, there are no real giants in the industry.

Many of the smaller companies have old machinery and some have little technological expertise. All too often they have neither the human nor financial resources to employ good designers or to improve their production techniques. The result is too many poor quality plastics products: unsuitable polymers are used for some goods, production runs are completed too quickly so that the incidence of faulty items increases and costs are cut by making products a little thinner, a little weaker and therefore of a lower standard than those manufactured from traditional materials or manufactured abroad.

Unfavurable comparisons with traditional materials have bedevilled the plastics processing industry for years and the reason is simply a matter of design. Plastics production and processing are comparatively young industries and it was therefore inevitable that the earliest polymer products were copies of goods that had always been made in steel or wood. This meant the wrong shapes and strengths were frequently used with little account being taken of the peculiar properties of plastics.

Mr. Stephen Gibbs, managing director of Turner and Newall and chairman of the National Economic Development Office plastics processing sector working party, recalls the post-war years when polyvinyl chloride macs and plastic combs first appeared on the UK market. Both had the advantage of cheapness but this was more than outweighed by the fact that the macs split and the teeth in the combs tended to break on use.

"It is rarely possible to translate traditional material designs into plastics," Mr. Gibbs says. "Our problem is that people in the UK think of plastics as a cheap substitute for other materials. This is wrong. Plastics are materials in their own right."

The average Briton's suspicion of plastics—nurtured as it is by the poor design and production standards of some processing companies—and the relatively weak performance of the industry as a whole in relation to its foreign competitors is reflected in some of the comparative figures for the production, export and consumption of plastics materials and plastics products.

Statistics from the British Plastics Federation suggest that the consumption per head of plastics materials is considerably lower in the UK than it is in France, West Germany or the U.S. The Federation estimated per capita consumption in 1977 at 44 kilograms for the UK, 48 kg for France, 89 kg for West Germany and 64 kg for the U.S. Figures for the same four countries for 1975 and 1976 also show Britain at the bottom of the consumption league.

A report prepared by NEDO for the plastics processing sector working party again shows the UK trailing behind Italy, Belgium and Holland as well as France and West Germany in per capita consumption of four out of the five major commodity polymers—the exception is in polypropylene. The same report says that "neither the UK's share of world exports of plastics products nor the pattern of UK exports compare at all favourably" with those of her major European competitors.

The report, which was brought out this summer, shows that the UK's share of world exports since 1970 has been a remarkably stable five to six per cent, only half that achieved by France or Italy and less than one quarter that of West Germany.

The NEDO report, written as a basis for discussion in the plastics processing sector working party, pointed firmly at the UK industry's poor design standards as the main reason for its unsatisfactory showing in domestic and world markets. The report listed "a few examples collected from everyday experience" to show "how failure to make proper use of polymer properties in design gives plastics in general a bad name."

The list includes such recognisable items as low density polyethylene mugs which sag when filled with hot coffee and polyvinyl chloride fruit squash bottles which tend to split along the seam when dropped or subjected to pressure at the bottom of a heavy shopping bag.

The point about good design is that it requires not only imagination but also skill and money — precisely the commodities which many tiny plastics processors lack. Ironically this is why one of the most hopeful signs for the industry is the fact that last year well over 100 small processors were taken over or went into liquidation. The numbers going out of business this year are likely to be even higher because of the introduction of new safety regulations. "Some small concerns will not be able to afford to replace their outdated equipment or bring it up to standard.

But the rationalisation now taking place in the industry is not confined only to smaller companies. Over the past year roughly a dozen major plastics processor have been taken over or have closed down altogether. Storey Brothers, one of the few processing companies with an annual turnover of over £30m was taken over by the Turner and Newall group which merged it with the sheet film division of British Industrial Plastics, another of its subsidiaries.

Ekco Plastics, with a turnover of about £8m, was taken over by the large National Plastics group and Armoride, which had a turnover of well over £10m, was acquired by Bernard Wardle. At the same time GKN has shut down its plastics operations—thought to have had a turnover of roughly £8m.

This steady restructuring of the industry should produce more companies with the design teams and the marketing expertise that is needed if the UK is to start competing on more equal terms with countries such as Germany. It should also cheer some of the plastics materials producers.

In the past small concerns that came up with a good idea for a new product or a new application could always take it to one of the big materials producers like British Petroleum or Imperial Chemical Industries and ask for help with development work. The results were sometimes highly successful and relations between materials producers and processors have generally been good.

But there have been signs of growing unease among the producers over the performance of their processing customers. A weak UK processing industry puts pressure on the materials majors to seek more overseas markets. The drawback to this is that it is usually easier and more efficient to sell a product on your own doorstep than to take it abroad—especially at present when the whole of Europe is suffering from overcapacity in the plastics materials field.

One alternative would be for the materials producers to go right downstream and start manufacturing plastic goods themselves. Some—notably BP—have expressed considerable interest in doing this. The difficulty is however, that all their operations are geared to dealing with bulk products: they do not have the experience, the market knowledge or the organisation to start working with small batch production and dozens of retail outlets.

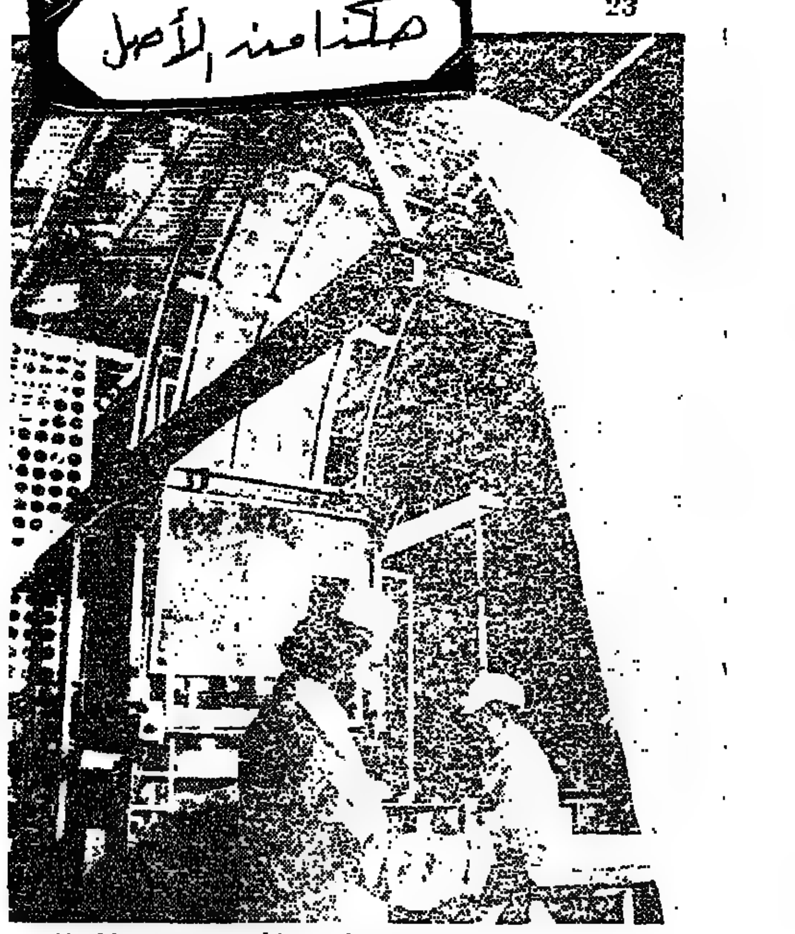
Materials producers may take over a plastics processing business as part of a larger acquisition and some may start manufacturing such things as plastic pipes which are at the bulk end of the processing business. But it is unlikely that they will make any major inroads into the processing field itself. What they can do to encourage a thriving processing sector is to continue providing design and development expertise for smaller concerns.

Mr. Chris Bromley, deputy director of the British Plastics Federation, believes that the partnership between producers and processors would be greatly enhanced if more plastic goods manufacturers took steps to improve their technological know-how.

"Processors cannot just go along on the backs of the bulk producers," he says. "The ideas for exploiting the potential of plastics goods must come from the sharp end, from the fabricators who know the market. But processors who approach the bulk producers for technical back-up and commercial appraisal will be in a far stronger position if they ensure that they have certain technical strengths themselves. "By that I mean that any processing company turning over about £1m a year should have a good production engineer, someone with experience of design engineering and someone with a knowledge of toolmaking."

It is the middle-sized companies, rather than what Mr. Bromley calls the "cowboy fabricators," which are likely to build up these technical strengths. And encouragement to do this is coming from outside the industry as well as from the restructuring that is already underway.

A Department of Industry survey of plastics processors in South Wales has called for a "centre of excellence in mould and die making technology to be established" and there are now also some post graduate courses available in polymer technology.



Machines such as this produce 1m plastic cups a day

One was set up last year at Loughborough by Professor Arthur Birley. Initially it attracted the grant total of three students — one of them from overseas. Yet when the course ended one of the British students was approached by no fewer than 28 companies all wanting to employ him. The course is now in its second year and is attracting more students and considerable interest from companies and academic institutions both at home and abroad.

Rationalisation, the industry's growing awareness and analysis of its own shortcomings and a partisan push from materials producers which are anxious to improve their own sales should all help to put UK plastics processing in a stronger position during the next few years.

Although a number of companies have gone out of business during the last 12 months others have started up. And over the last three years productivity increases have moved well ahead of those in total manufacturing and by the end of 1977 output of plastics products in the UK in real terms stood 50 per cent higher than in 1970.

Nor are all British-made plastics goods faulty and unaesthetic—witness those currently on show in the exhibition by the British Plastics Federation and the Worshipful Company of Horners. One of the exhibits is the Topper sailing dinghy, winner of this year's Horners' award for plastics, which is manufactured by Rolinx, an ICI subsidiary, marketed by J. V. Dunhill Boats and which was developed by ICI using polypropylene and what are claimed to be the largest injection mouldings in the world.

Letters to the Editor

Troubled EEC waters

From the Director General, Dairy Trade Federation

Sir,—Your leader (November 6) criticises the Government on the grounds that it has confirmed the suspicions of other countries that Britain is in the European Community to grab, and resents giving. It is not widely understood that every member of the EEC is in the Community for what it can get out of it.

We tend to forget that our membership is a blessing for others who wish to sell us goods and services. As a nation, we are less self-sufficient in temperate foodstuffs than any other member of the Community. As the largest importers of dairy products in the world, to give just one example, we provide considerable benefit to a Community that produces too much milk.

Your leader writer suggests that we might have to make some final concessions in order to achieve a Community policy on fish. These concessions need not be on fish itself. Why not follow the example of New Zealand which recently allowed access for Japan to its own territorial waters in return for a sale to that country of a very large quantity of dairy products. In order to secure a good deal for our fishermen, let us give up any attempt to import New Zealand butter after 1980. By then New Zealand will have enjoyed a privileged access to our market for eight years after the time we entered the Community.

Our mistake in Europe is not that we argue too hard in defence of our own interests, but that we are prepared to give away our best bargaining counter—a share of our own market—to countries outside the Community.

J. R. Owens,
CJB House,
Eastbourne Terrace, W2.

Unprofitable conditions

From Mr. H. Stephens

Sir,—I am bound to agree with the point of principle on which you stand in your editorial of October 27: the intervention of the European Commission in industrial problems is likely to lead to less economically efficient solutions than would the competition of the market-place left to itself.

The difficulty arises when, unfortunately, the market-place has already been by-passed. Where subventions from member states have been partly responsible for excessive capacities and for keeping them in operation, the market-place cannot be expected to find a remedy to the resultant unprofitable business conditions. In these circumstances, it is idle to look for a solution to the problem from the member states who have helped to bring it about.

If the Commission is also to be ruled out, where is the answer to be found?

H. Stephens,
8, St. Stephens Avenue,
St. Albans, Herts.

Overdamped systems

From Dr. D. Budworth

Sir,—In his Lombard column (November 2) Nicholas Colchester refreshingly and rightly made the point that the currency and similar rather undamped markets have been rendered less damped and more unstable by technical advances in communication. There are also examples in our society of overdamped systems, such as the labour market, being made even more overdamped by employment protection measures, housing policies, and general failures to provide for the possibility of mobility.

Politicians and administrators do not appear to appreciate the fundamental deficiencies of their actions of this type and, in our educationally over-specialised society, engineers surely have a responsibility to be much more active in sharing their particular insights on such problems with those who have to deal with them.

Dr. D. W. Budworth.
10, Sydney House,
Woodstock Road,
Bedford Park, W4.

A bigger pension

From Mr. J. Pound

Sir,—It was with great interest I read Eric Short's article on the advantages of additional voluntary contributions (October 28) for augmenting one's final pension.

As a pensions manager I have been aware for some time of the need for members to supplement their main scheme benefits. The problem has been obtaining terms where even the basic rate taxpayer can be convinced of the advantages. This has been particularly true with the blue collar worker who will probably earn a less than adequate entitlement but who is sceptical of long term promises.

There is a contract which overcomes this prejudice and which provides for a cash build-up by individuals which can be used on retirement to either supplement the tax free cash sum within Inland Revenue limits or purchase an annuity on the best terms available, geared to individual needs.

The response by all levels of employees at recent "teach-ins" I have conducted was "why didn't someone think of this before" and illustrates the need of not only providing a means of tax free savings for retirement but of presenting the scheme in a manner where the benefits are readily understood by all levels regardless of financial bias.

J. A. Pound.
6. Parkway,
Horley, Surrey.

Earnings in retirement

From Mr. K. Manley

Sir,—I am grateful to Mr. Groves (Nov. 2) for his further explanation of how the Department of Health and Social Security arrived at the £124m costs of abolishing the earnings rule. In so doing it seems to me that there are a number of further implications which are of greater social concern than my initial enquiry implied. It would be interesting to know the basic motivation of those who carry on working beyond state retirement age — is it just a matter of insufficient income? Are the persons in this large group still carrying on in the jobs they were holding before reaching retirement age or have they switched to less active or part-time employment? To what extent are they filling jobs which could be made available to the unemployed? Is it not socially desirable that greater encouragement should be given for at least accepting partial retirement thus releasing more opportunities for the unemployed? There would, of course, be a compensatory gain to the Exchequer from the reduction in unemployment benefit payable.

Lest this may be construed as an attack on those who are seeking to lead useful lives in their later years I fully support the contention that our rapidly growing population of retired persons can be a valuable source of wisdom and experience in all kinds of community and voluntary activities. This kind of involvement can be more stimulating than carrying on in a routine job but, of course, financial security is a pre-requisite.

May I conclude by asking one final question? Surely the state retirement pension is an entitlement which has been paid for during each person's working life and represents a contract between the state and the individual. Why should payment be conditional any way?

Keith L. G. Manley
10 Derwent Gardens,
Redbridge, Ilford, Essex.

Currency reserves

From Mr. W. Platt

Sir,—I can see that I shall have to spell out for Mr. Torrance (November 2) how the foreign exchange system works. The Bank of England is the holder of the nation's foreign exchange and gold reserves. The commercial banks are allowed to keep sufficient foreign currency in the major centres of the world to enable them to carry on their banking business. Currency surplus to their laid-down dealing positions has to be surrendered for sterling within the market and, therefore, ultimately to the Bank of England.

In such a system non-residents holding sterling can convert into foreign currency at any time by selling their sterling for another currency to a commercial bank (*I never said to the Bank of England*). Since the bank concerned will be long of sterling and short of currency, it therefore must adjust its position by buying currency with that sterling and the taker of last resort of surplus sterling against currencies must be the Bank of England. This, *of* course, reduces the net holding of the country's foreign currencies. That is the liability I was talking about.

So far as the comments upon payment for imports is concerned, it is all very well for Mr. Torrance to state that an importer simply goes into his bank to buy the currency. But where does Mr. Torrance think the banks get this currency from? The answer is that it comes from the proceeds of exports, services, and capital inward investment and as a last resort from the country's reserves (assuming that our imports are greater than our exports and invisible earnings). Of course, another important factor which I have not attempted to go into is the effect of the in and out-flows of hot money.

A fixed rate system plus automatic intervention by the Bank of England to maintain that rate has no relevance *per se* to the claims of non-resident holders of sterling. The pound is now allowed to float freely with minimal intervention and if non-resident holders of external sterling were to sell large balances, the rate would drop and the reserves would suffer if the Bank were to intervene.

In theory, the Bank of England is not obliged to intervene, but in practice (viz., the present U.S. dollar situation) a central bank cannot allow its currency to find its own level under extreme pressure unless it is prepared to face the consequences of a continuing process of devaluation. What Mr. Torrance apparently fails to appreciate is that a currency does not come under such pressure unless there are fundamental economic weaknesses which cannot be solved by a simple process of devaluing a currency.

I never attempted to argue that a fixed-rate system was preferable to a floating system. I was simply putting the facts straight whether or not Mr. Torrance appreciated them.

W. P. Platt.
60, London Wall, EC2

Imports of cutlery

From Mr. N. Billitch

Sir,—Not only do the UK cutlery manufacturers want severe retrictions on imports of cheap cutlery (November 2); they have the brass neck to suggest that the Government also provide their industry with national assistance. If the Government obliges, Britain's cutlery manufacturers will enjoy the privilege of being allowed to rip-off their customers with a licence to charge much higher prices for their merchandise, those same customers thereafter having insult piled upon injury by being forced to subsidise the very industry which is to be allowed to fleece them from behind a protective barrier. The day cannot be far off when restaurants will have to secure their cutlery to the table by chains, because of a chronic shortage of usable knives and forks.

N. A. Billitch
6, Rusholme Road,
Putney, SW15

Investment capital

From Mr. G. Schmerling

Sir,—It was strange reading "Observer" (November 1) writing about "excessive profits" and denouncing them to the Price Commission. High profits for consumer goods and services mop up surplus purchasing power and transfer resources from consumption to investment capital; in a country with confiscatory personal taxation rates they are in the national interest.

G. Schmerling.
20 Bishops Close,
Old Coulsdon,
Surrey.

Regenerating London

From the Leader, Greater London Council.

Sir. — Sir Reg Goodwin's response (October 31) to my letter about inner London's needs clearly shows that he has learned nothing and forgotten nothing. In fact nothing is what London has come to expect from the Labour Party.

Of course the Government (or, more exactly, the taxpayer) foots a large part of the bill for Greater London Council programmes: given the way the public finance and grant system works in this country it is bound to do so in respect of every local authority's spending. My point is two-fold though: the Government is making no significant extra contribution in recognition of inner London's problems; and that where it is making money available (as opposed merely to telling us how much we can or cannot spend from the rates) it insists on retaining detailed and costly administrative control.

In addition the Government's regional policy totally excludes the possibility of its ever taking off the planning restrictions which hamper our efforts to regenerate. And if the Government's track record is so wonderful why has Sir Reg's deputy so often called for a crash £5bn programme for London?

It comes hard to read a London Labour leader on the subject of regenerating the city, encouraging industry and the like. In their last four years at County Hall the rates went up by 235 per cent — an inducement to industry to move in perhaps? London Transport fares went up by 146 per cent—encouragement for the potential commuting worker, maybe? And the subsidy to housing and LT (the latter a futile attempt to keep fares down!) wasted something like £500m. The trouble with Labour is that they simply do not understand the difference between subsidies and investment; they never will and that is why they have nothing to offer.

Horace Cutler.
County Hall, SE1.

The building industry

From Mr. S. Prince

Sir.—Following Mr. Malcolm Rutherford's article on "moonlighting" (October 20) in the building industry, I read with interest the comments in your columns.

As a director of a small building company, employing 80 men, all the comments published would appear to come from people who are well informed about the industry, whereas Mr. Rutherford clearly is not. Many of his observations are valid but his analysis is muddled and his suggested remedies are quite inappropriate. How can the industry be blamed for high taxation, the daunting volume of repressive legislation, the cyclical nature of the economy which Mr. Rutherford seems to think inevitable (a sad reflection of the day but we now are expected to accept this) and the wasteful and inefficient method of VAT collection imposed on any registered business? These are all major factors which have led to the emergence of this "alternative industry" and discouraged new bona fide companies.

All these points are entirely due to inept government over the years and commentators should know better than adopt the politicians' standard ploy and blame industry. The day when this country is led by example and not whipped into submission like galley slaves, 80 per cent of our problems will be solved.

It might be argued that recent tax reductions will help the situation but two points should perhaps be noted. 1—As tax reductions came into force so National Insurance contribution went up from a total of 18.5 per cent to 20 per cent gross wages. This company now remits more money (tax) in National Insurance contributions each month than it does in PAYE. Considering the latter is after allowances, what would the standard rate of tax need to be to collect the same money under PAYE? 2—The cost of producing the new tax tables was £2.3m as against £112,000 for the previous set.

Mr. Rutherford concludes by saying that the state of the building industry could hardly be worse. I hope he can now look elsewhere for the answer.

S. G. Prince.
G. E. Prince and Son.
24-25, Chapel Road,
Southampton.

Regional dialects

From Mr. W. Bayne

Sir.—How pleasant to have my own opinions on regional dialects echoed by persons of the eminence of Lord Snow (October 21) and Mr. Faulkner (November 1). I am sure these gentlemen are as despondent as I am that our ideal of everyone speaking with an acceptable Inverness accent shall never be achieved.

W. C. Bayne,
Hoye,
Yasta,
Stavanger, Norway.

Today's Events

GENERAL

TUC economic committee to study results of discussions with Ministers on pay and prices.

British Oxygen's manual workers discuss strike action.

Mr. Wang Chen, a Chinese Vice-Premier, sees Mr. Eric Varley at Department of Industry.

PARLIAMENTARY BUSINESS

House of Commons: Queen's Speech debate continues. Subject: Rhodesia.

House of Lords: Queen's Speech debate continues. Subject: Home affairs.

Select Committees: Expenditure, general sub-committee. Subject: European Monetary System. Witnesses: Sir Jeremy Morse, Lloyds Bank; Mr. R. Leigh Pemberton, National Westminster Bank; Mr. A. F. Tuke or Prof. Harold Rose, Barclays Bank. Room 8, 10.30 am.

OFFICIAL STATISTICS

U.K. Banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-October).

London clearing banks' monthly statement (mid-October).

COMPANY RESULTS

Final dividends: Allied London Properties. Anglo Scottish Investment Trust. A. Arenson (Holdings). Bridport-Gundry (Holdings). Cedar Investment Trust. CLRP Investment Trust. Jenks and Cattell. Martonair International. Scottish National Trust Company. Interim dividends: Airflow Streamlines. Allnatt London Properties. Ambrose Investment Trust. Associated British Foods. Bank of Ireland. Bradford Property Trust. Capper Neill. Cater Ryder. Clement Clarke (Holdings). Coats Patons. De La Rue Company. Gieves Group. Great Portland Estates. W. L. Pawson and Son. Portsmouth and Sunderland Newspapers. Roberts Adlard and Co. Senteros. Whitbread and Co. Young Companies Investment Trust. Interim Belhaven Brewery.

COMPANY MEETINGS

Bertram Con. Rubber, Tube Hill House, London Road, Sevenoaks, Kent, 12. Jury Prop., Connaught Rooms, Great Queen Street, WC, 12. Lister, Manningham Mills, Bradford 12.30. Staffordshire Potteries, N. Stafford Hotel, Stoke-on-Trent, 12.30.

COMPANY NEWS

Lucas almost makes up lost ground

IN THE second half of the year to July 31, 1978 Lucas Industries made up some of the ground it lost earlier through the UK toolroom strike, and finished the 12 months with pre-tax profits, some £3.7m lower at £73.05m.

At the interim stage, when profits were down from £34.67m to £27.61m, the directors estimated the cost of the strike at £11m but they now report that the effect was worse than that, together with some continuing damage due to orders switched to competitors and not regained.

Profit at the trading level for the year showed little change at around £77.9m but the pre-tax surplus was affected by a £1m reduction in share of associates and higher interest payable which arose fro mthe cost of financing the capital investment programme carried out in the last two years and which has yet to come fully on stream.

Earnings per £1 share are given at 59.89p.?(63.46p) and the dividend total is raised from 8.22p to 9.1789p with a final payment of 6.8449p net.

Turnover for the year at £971m was £85m higher. UK sales were £666m, an increase of £55m, while overseas sales rose by £30m to £305m. A further £91m of turnover is attributable to Lucas through its share of overseas associated companies' sales.

Direct exports from its UK companies amounted to £135m—an increase eof £15m. Further, much of the equipment supplied to customers is exported by them on cars, commercial vehicles, tractors and aircraft and their engines shipped separately—these indirect exports are estimated to be £190m. Thus, half of teh workload of the UK factories originates from overseas.

	†1977-78 £m.	1976-77 £m.
External sales	971.17	886.07
Vehicle equipment	792.24	713.10
Aircraft equipment	103.57	91.72
Industrial products	75.36	81.25
Trading surplus	77.91	77.77
Vehicle equipment	70.22	71.07
Aircraft equipment	3.31	0.11
Industrial products	4.19	4.77
Share of associates	2.30	3.29
Interest payable	7.16	4.33
Profit before tax	73.05	76.78
Tax	15.93	16.30
Profit after tax	57.12	60.48
Minority profits	0.91	0.94
Attributable	56.21	59.54
Dividends	8.62	7.72
Retained	47.59	51.82

* Loss. † SSAP 15 has been adopted and in consequence no provision for UK deferred taxation has been made in the year; the results for 1977 have been amended for the purposes of comparison.

UK sales were 9 per cent higher and a further 1,000 extra jobs were created in the year, which follows the 5,000 new jobs last year. The UK profits at £50.4m were £6.2m lower than the previous year.

Home companies which manufacture vehicle electrical and braking equipment and batteries all suffered from setbacks caused by industrial troubles both in the group's own and customers' factories, but most made good recoveries from those difficulties. The diesel fuel injection equipment business continued to move forward but the sharp fall in tractor demand, both in the UK and overseas, reduced sales in this market sector.

Overseas turnover increased by 11 per cent and the profits at £22.7m were £2.3m higher than the previous year. The group's European diesel fuel injection and brake equipment businesses turned in better performances.

The planned growth of the business in the U.S. has continued with total sales attributable to Lucas at £28m—up 50 per cent. In January the group acquired a 25 per cent interest in Siliconix Inc., a Californian company engaged in the manufacture of advanced electronic devices.

The profits earned by the aerospace company showed an improvement from the very low performance the previous year. The major reorganisation that was forecast last year and which is essential to make the business fully competitive in world markets, is now in hand. This company has a record of success in securing new contracts overseas and this year a notable example was the contract for actuators for McDonnell Douglas in the U.S.—and which has been followed by other new contracts—in total some $60m.

The industrial equipment business continues its expansion with an increase in turnover of 23 per cent but profits were down, principally due to the cost of reorganising the Liverpool factory.

In the year the group spent a further £105m on its factories in the UK and overseas involving £55m on new capital investment and £50m on revenue expenditure. Of the total outlay, £88m was spent in the UK.

It is the directors policy to continue a high rate of investment in the group's factories both in the UK and overseas to ensure that they are able to compete in and meet the demands of world markets. Research and development continues to be a keystone in the group's affairs and expenditure this year amounted to £35m.

See Lex

Ashley Ashwood

Mr. Bernard Scott, chairman of Lucas Industries

Feedex tops £0.5m half-time

REPORTING A £200,000 jump in pre-tax profits to £516,000 for the first six months of 1978, the directors of Feedex say improvement is expected to continue in the second half and add that, given advantageous market conditions, the group is capable of producing very much higher returns.

The interim dividend is stepped up from 0.585p to 0.65p net per 10p share, but the directors point out that an increased payment to reflect the profit performance in recent years would be more equitable to investors and would improve the market rating of the group's shares.

"We will continue to explore every possible way to achieving an increased yield to shareholders," they state.

For all 1977, payments totalled 1.375p and taxable profits fell from a record £927,000 to £821,000.

First half 1978 turnover was up some £1m to £10.86m and profits were before tax of £248,000 (£101,000) and minorities of £6,000 (£33,000). Comparisons are restated.

● comment

The 63 per cent first-half profit jump recorded by Feedex contains a sizeable recovery element. Last year's first half was hit by very low returns from pig production. But a drop in the national pig herd plus stable feed costs have greatly assisted a recovery in margins. Pig production and marketing turned in £100,000 which comfortably helped the total for the previous full year. Elsewhere engineering and feed production added £197,000 each. A new protein concentrate export operation added a little to the first-half figures but the company seems optimistic about the future with markets opening in Africa, particularly Nigeria and in the Far East. With two months of the financial year remaining group profits for the full year look like reaching around £1.1m. With the shares selling at 38p yesterday the prospective P/E (taking a line through the first-half tax rate) is 6 and the yield is around 7 per cent. But the shares are still largely in the hands of investors living near its home base at Hull. The yield needs lifting and marketability improved if the stock is to attract any more interest.

Midterm rise for Tysons

Following a reduction from a peak £798,172 to £497,757 in 1977, taxable profits of Tysons (Contractors) increased from £34,094 to £105,424 for the first half of 1978.

Turnover for the period was lower at £4.9m against £5.31m. Tax takes £44,000 (£13,430) leaving earnings ahead from 0.41p to 1.25p per 10p share.

The company does not pay interim dividends—last year's single payment was 2.1175p.

HIGHLIGHTS

Lucas just failed to come up to the profits level of the previous year: at the half-way stage the group had hoped to make up for the first-half strike losses but at the end of the year demand for certain diesel components proved disappointing. British Car Auction has turned ni profits 55 per cent higher on a 26 per cent gain in gross auction turnover. Yarrow is still suffering from unresolved compensation wrangles but Feedex has shown strong recovery after six months reflecting better margins on the pig production side.

Yarrow profits finish lower at £1.4m

PRE-TAX profits of Yarrow and Co. came out lower at £1.4m for the year ended June 30, 1978 against £1.81m previously, on turnover up from £5.39m to £6.75m.

Profits included interest on the £1.41m 9½ per cent Treasury stock for the year, already received on account of compensation, the full amount not yet being known. And results excluded the dividends from subsidiaries now nationalised which last time amounted to £750,000.

The directors had reported interim profits behind at £767,000 compared with £844,000.

Net profit for the year came out at £887,065 against £1.5m after tax of £508,773 (£309,537), and the attributable balance emerged much lower at £538,221 (£1.5m) after an extraordinary debit for the period of £340,190 and minorities £11,346 (nil).

The debit comprised of the net cost of the agreed settlement of the dispute regarding the GLC boiler contract, together with a provision for settlement of a long standing dispute concerning another boiler contract.

Earnings are shown as being down from 37.5p to 22.2p per 50p share. The dividend is stepped up to 5.15p (4.6117p) net with a final payment of 3.45p.

	1977-78 £	1976-77 £
Turnover	6,745,924	5,394,492
Depreciation	175,063	79,550
Inv. income	375,775	440,867
Compensation int.	157,160	—
Invs. sales profit	311,990	348,436
Subs. divs.	—	750,000
Pre-tax profit	1,395,838	1,807,699
Tax	508,773	309,537
Net profit	887,065	1,498,122
Extraord. debit	340,190	—
Minorities	11,346	—
Attributable	538,221	1,498,122

The directors state that, as previously indicated, application was made for a further substantial dividend payment to Yarrow and Co. out of Yarrow (Shipbuilders) profits available for distribution at the date of nationalisation. In the four years up to June 30, 1977, these amounted to some £12m of which only £2.6m of dividends have been authorised.

Negotiations are proceeding, they add, but so far the application has been unsuccessful, with the result that figures for the 1977-78 year do not include any further dividend from Yarrow (Shipbuilders).

In his statement Sir Eric Yarrow, the chairman, says that he had hoped it would have been possible to give shareholders some indication of the amount of compensation likely to be received. Negotiations are still continuing, he says, "and therefore I cannot say anything at this stage about the progress which has been made."

He adds that if a fair and reasonable settlement cannot be negotiated there would be no alternative but to submit the matter to an arbitration tribunal.

● comment

Yarrow's results again reveal some unhealed wounds in the wake of shipbuilding nationalisation. The company refers to still unresolved compensation wrangles and hence the temporary loss of unquantified interest. But more disappointing this time is the absence of any further dividend payout from the former shipbuilding subsidiary's retained earnings. These earnings are almost £12m so shareholders will clearly hope for more than the £2.6m already received by Yarrow. This factor alone accounts for the 23 per cent pre-tax profits slide which includes an unchanged contribution from the now severely slimmed trading interests. Y-ARD, the important design and consultancy operation, increased its profits by 30 per cent and in volume terms the order book is healthy. Ritchie Taylor has now been added to Yarrow Engineers, which has been badly affected by lack of demand for its boilers and the loss (through nationalisation) of some production facilities. The manufacturing side is now only small but the group is actively looking for acquisitions and one is apparently in the pipeline. With the shares at 326p the p/e of 14.8 fully accounts for compensation speculation and a strong balance sheet. The yield is only 2.4 per

Dowding & Mills sees increase

WITH RESULTS for the first quarter ahead of the same period last year, Dowding and Mills hoped for increased profits for the half-year, chairman Mr. Kenneth Sharp told the annual meeting.

It was difficult to say whether the encouraging state of affairs so far would continue "but we are hopeful of increased profits for the half-year," he stated.

Pre-tax profit in the 1977 first half was £809,307, and the year's figure was a record £1.74m.

55% increase at BCA: dividend up to 2.5p

FOR THE year ended July 31, 1978, profits of British Car Auction Group have risen 55 per cent to nearly £1.72m.

And trading prospects for the current year show an impovement over 1978 at the present time, with new records being achieved by the motor auctions.

In 1977-78 increased profits came from the auction businesses, where for the first time turnover exceeded £100m, from the gas and gas cylinder supply business, and from acquisitions made during the year.

The company expended £350,000 on the purchase of companies trading as mobile home suppliers and site operators, and also hirers of coin operated machines. These contributed £287,000 towards profits.

	1977-78 £000	†1976-77 £000
Turnover	113,612	87,911
Auction proceeds	109,229	86,419
Other sales	4,383	1,492
Commissions earned	4,938	3,730
Profit before tax	1,715	1,109
Taxation	994	646
Net profit	721	463
Extraordinary debits	54	55
Minority	11	6

† Re-stated.

Net earnings are shown at 6.01p (4.02p) per 10p share. The final dividend is 1.8525p on increased capital for a total of 2.5125p, compared with 1.981p.

In June, the company placed 2m shares at 41p each; the net proceeds of nearly £0.8m were used to repay borrowings made for acquisitions and to finance the purchase of the freehold of the Farnham head office, together with adjacent properties.

● comment

British Car Auction's profits growth may have slowed down to a fifth in the second half, after adjusting for the contribution from acquisitions, but overall a pre-tax jump of 55 per cent for the year did not disappoint the market and the shares moved ahead 1½p to 48½p. Gross auction turnover rose by some 26 per cent, of which roughly half reflected increased volume, and commission income rose by nearly a third. Elsewhere profits from the cylinder gas business continued to improve with profits £60,000 higher at £100,000—a couple of years back that company was in the red. The acquisitions, caravan parks and amusement machines, which BCA bought for £550,000 at the beginning of 1978, are making good profits and the company is looking to expand the caravan park network. Though caravans are a new venture for BCA the Wickens family has an involvement in that business going back some time. To date the auctions are well ahead of last year—the Ford strike has had little effect so far—and with growth from its newer activities BCA is likely to produce another good profits increase in 1978-79. On a p/e of 7.8 and yield of 8 per cent the shares are fairly valued.

59 companies wound-up

Orders for the compulsory winding up of 59 companies were made by Mr. Justice Brightman in the High Court.

They were: W. Stone and Co. (Chingford), Industrial Labour (UK), Braganza Investments, Corvic Company, Graham Keith Company.

Granwood Builders, Hopecfroft Furnishing, Kinglease, Pindersgate, Varol Holdings, Howard Brothers (Construction).

Malclade, Miller and Pope (Developments), South Essex Times (Grays), Italinvest, Super Handicrafts, X-Ray Arms.

Vultrix, T and S (Electronic Developments), Bancote, Landson Properties, Shell Bank Garage, Parks Fruit, Dagside.

Ye Olde Fashioned Humbug Shoppe, Berjer Properties, Marshall and Nunn Music, Static Enterprises, Alvaro Engineering, Barton Garage (Okehampton).

Webster (Builders), Aphroidte Cyprus Wines, Marstore, Britpol International, VST.

G. V. Edwards, Tica Print, Melita Restaurant, Ledersplace, Annagrade, Almners Trading Estates.

Edfoy, Grajan, Starelle (Restaurants), Stowood, Arthur Webb, Air Faisal.

Jet Age Aero Services (Engineering), Finegrowth, Ambochoice, Lewis Grinsell, St. Clair Sampson.

H. Westall Transport, ESP Electronic Services and Products, Len Construction, Adelville, Williams and Smith Investment Company, Crisis Lend-A-Hand, G. Arnold and Co. (Finance).

Compulsory winding up orders against Duffco (made on October 23), Manvine (Holdings) (October 30), and Choice Investments (October 30) were rescinded. By consent, the petitions were dismissed, on undertakings to file outstanding returns.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Invs. ......int.	1	Dec. 1	0.9	—	2.35
British Car Auction	1.85	Dec. 14	1.33	2.51	1.98
Feedex ......int.	0.65	Jan. 5	0.59	—	1.38
G. and G. Kynoch	1	Dec. 22	1	2	1
Lucas Inds.	6.84	—	6.1	0.18	8.23
Prop. Partnerships ...int.	1	Dec. 18	0.8	—	1.76
Slingsby ......int.	0.6	Dec. 29	0.6	—	2.25
Yarrow	3.45	—	3.11	5.15	4.61

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

مكتامن الأصل

Outlook bright for H & W

THE RESULTS of the acquisitions and reorganisation made by Howard and Wyndham are becoming evident in its improving financial performance. The directors are confident that this favourable trend will continue and probably accelerate in 1979 and group trading performance to date justifies that confidence, says Mr. Ralph A. Fields, the chairman, in his annual statement.

Although this year marks the ending of the group's original business as a theatre proprietor, trading prospects have never been brighter, both at home and overseas, states the chairman, who expresses confidence that the group will continue to grow and prosper.

For the year ended June 30, 1978, on record sales of £16.35m (£15.39m) pre-tax profits jumped from £117,699 to £314,918—as already reported. Dividends are restored this year with payments totalling 0.665p net—the first since 1969. A one-for-15 scrip issue is also proposed.

The chairman reports that last year's decision to discontinue group theatre ownership activities has now been fully implemented. During the 1977-78 year it disposed of the New Theatre, Oxford, and the Royal Court Theatre, Liverpool, and last month sold the Opera House, Manchester.

Its theatre and concert booking activities have been transferred to a partnership of which Mr. Elyot Beaumont, a director, is the operating partner; these activities will continue under his direction.

Trading and profit performance of the group's publishing operations improved substantially over the previous year and is now "on target." All of its publishing divisions performed well, but the major reasons for the better results were the acquisition of *Hawthorn Books Inc.* and the return to profitability of W. H. Allen's paperback book division.

During the year, the directors decided to close the group's publishing warehousing and distribution centre in Leicester. Its essential activities will be transferred to Tiptree Book Services, a subsidiary of Hutchison Publishing Group, at Tiptree and this move is expected to take place in stages, all to be completed by April, 1979.

The directors anticipate that this move will result in better service for home and overseas customers, faster and more detailed management information, the release of substantial working capital, and important operating economies.

Results of its retail operations continue to be most satisfactory, says Mr. Fields. During the year, the group opened a number of Ciro outlets both in the UK and abroad under its sole ownership as well as pursuant to franchise agreements. Retail operations of Grant Book Shops in Scotland were also expanded.

The directors continue to look for opportunities to expand in the areas of the retail trade in which the group is experienced: basically books and jewellery. In this respect, they are currently in negotiation with the proprietors of Marboro Books Inc. of New York. The company, which is engaged in retail and mail order book selling and the wholesale remainder book trade, with its associate currently operates 11 retail outlets and has an annual turnover rate presently in excess of $10m.

At the year-end, fixed assets stood at £1.37m (£1.57m) and net current assets were up from £2.88m to £3.27m. Reserves increased from £1.35m to £1.62m.

Net liquid funds decreased by £884,000 compared with a £14,000 increase last time.

Meeting, Edinburgh, December 4, at 10 am.

Newman-Tonks looks for real improvement

The directors of Newman-Tonks have budgeted for an increase in profits in the current year, which together with the consolidation of recently acquired Econa, should give a real improvement in earnings and profits, says Mr. Michael Wright, the chairman, in his annual statement.

As reported on October 23, pre-tax profit for the year ended July 31, 1978 finished ahead at £1.81m against £1.72m on turnover of £22.35m (£20.06m). Earnings per share are 12.74p (13.16p) and the dividend is lifted to the forecast 4.0535p (3.63p).

The engineering division maintained its position as the largest manufacturer of overhead door closers in the UK and sales of panic hardware, hydraulic floor springs, flexible doors and glass door fittings increased in volume during the year.

Most of the subsidiaries made a useful contribution to group results, but Newpeer Aluminium in the Republic of Ireland, incurred losses for the year of £140,000. However, with orders forthcoming, this company is now moving into profitability.

Despite of the setback in the South African economy, the subsidiary there maintained its profit level, but the Australian subsidiary turned in lower profits, even after taking into account the contribution from the acquisition there of Parow and Whight.

Econa was acquired in August and Mr. Wright says that in the first two months of the 1978-79 year, the company has increased its profitability over the corresponding period, and he is confident it will make a very significant contribution to group profits.

In his review on the past year the chairman states that margins on many of the group's products were eroded by foreign competition but its share of the existing market was improved upon.

Capital investment in the new factory and plant for the hardware division is beginning to show an acceptable return on capital employed, and the budgeted profit is encouraging, he adds.

As at balance date, fixed assets were £5.09m (£3.74m) and total net assets came to £10.01m (£8.37m). Working capital increased by £0.56m against £0.96m last time.

Meeting, Birmingham, November 29 at noon.

Kynoch wants to double dividend

In the year ended August 31, 1978, pre-tax profits of G. and G. Kynoch have shown an increase from £2,263 to £29,329, and the dividend is being doubled to 2p subject to formal Treasury consent.

The company makes woollen woven fabrics, comprising coatings, suitings, etc., mainly for men's wear. Although the 1977-78 result is far from satisfactory, the directors point out that it has been achieved without the full benefit from a special order—deliveries of which straddled the year-end—and before seeing the full effects of a cost reduction exercise carried out during the year.

Turnover came to £1.39m (£1.32m). After tax £11,014 (credit £1,120) and taking in property gains of £3,800, compared with £236,143 a year earlier, net profit attributable to the ordinary was £15,290 (£232,701).

Earnings are shown at 1.9p (loss 0.6p) before the extraordinary items. The final dividend is 1p.

Slingsby £25,000 ahead

Sales at H. C. Slingsby, manufacturer of hand trucks, ladders, etc., rose from £1.62m to £1.82m for the first half of 1978 and taxable profits were ahead at £72,998 against £47,843 previously. Profit for the whole of 1977 had slumped from £153,168 to £63,479.

First half earnings are shown as 6.18p (4.03p) per 25p share after ED 19 adjusted tax of £26,134 directors say that no relief is available in the current year in respect of losses in the overseas subsidiaries.

The net interim dividend payment is maintained at 0.6p—last year's final was 1.65p. The attributable balance came out higher at £61,521 (£40,246) after minorities losses £14,957 (£8,866).

Good start by London Scottish Finance

TRADING HAS begun well at London Scottish Finance Corporation and Mr. R. H. Landman, the chairman, tells members in his annual statement that he believes the group will have another very good year.

Its gearing, "which must be amongst the lowest of any publicly quoted group in the financial sector," will help it to cushion the effect of higher interest charges, he adds.

At balance date, gearing was 1.2 : 1, as the ratio of net bank borrowings to shareholders' funds including convertible loans, and 2.1 : 1, as the ratio of total borrowings, including all loans, to net assets.

As already known, pre-tax profits jumped 94 per cent to £831,403 for the year to July 25, 1978, on turnover of £5.12m (£2.68m). Basic earnings per 10p share gained 80 per cent to 8p and the dividend is raised from 1.7p to 2.14p net. A one-for-two scrip issue is also proposed.

Group reserves increased nearly £1m to £2.22m and net assets per share were up 51 per cent to 53p. Fixed assets amounted to £901,509 (£375,897) and net current assets, £3.1m (£2.18m).

Profitability of the group's debt collection service improved considerably and the acquisition of a portfolio of debt owned by Midorco House, a subsidiary of Phillips Industries, for £520,000, is working out in a very satisfactory manner, Mr. Landman reports.

Because a substantial proportion of the Midorco debt was originally incurred to purchase TV sets, the group has continued to service this debt both with the provision of maintenance facilities for the sets and the replacement of older sets for customers with new or reconditioned colour sets on rental.

In this connection, the group acquired TVH (Electrical) in September, at a price of £75,000.

"We shall continue to look for acquisitions of businesses whose nature is allied to that of our own operation, with a view to assisting our steady expansion," the chairman states.

Meeting, Manchester, December 7, noon.

EDINBURGH INV. REDEMPTION

The Board of Edinburgh Investment Trust has resolved to redeem the £147,444 of 6 per cent redeemable debenture stock 1980/90 at par, plus accrued interest, on June 1, 1979.

RESULTS AND ACCOUNTS IN BRIEF

AMBROSE INVESTMENT TRUST—Net asset value, per capital share, as at October 30, 1978, 132.38p (previous month 135.46p).

M. P. KENT—Results to June 30, 1978, reported October 13. Net current assets £7.73m (£7.91m). Chairman says group has prime developments in the pipeline and with the strength of the balance sheet he views the future with confidence. Meeting, Bath, November 17, at noon.

A. CAIRD AND SONS (clothing and sports goods retailer)—Turnover £1,145,709 (£931,300) for half year to July 31, 1978, profit £9,500 (£3,400) after tax £10,400 (£3,800).

MACALLAN-GLENLIVET—Results for July 31, 1978 year reported October 3. Group fixed assets £2.25m (£2.28m) net current assets £1.37m (£1.13m). Net liquid funds increased £0.45m (£0.27m). Meeting, Banffshire, November 24, at noon.

VIEW FORTH INVESTMENT TRUST—Turnover £114,348 (£110,782) for half-year to September 30, 1978. Profit £52,320 (£51,711) after all charges including tax of £30,736 (£30,048). Earnings per 25p share 1.74p (1.72p). Net asset value per share, after deducting prior charges at estimated market value 78.7p (70.0p). Interim 0.83p (0.80p).

PETER PAN BAKERIES—Turnover for year to March 31, 1978 £6,386,744 (£5,848,113). Pre-tax loss £13,422 (loss £12,683), including non-trading debits £16,322 (£44,325). Tax nil (same). EPS 0.3p (5.5p).

CHARLES CLIFFORD INDUSTRIES—No interim dividend (same). Sales £5.89m (£5.65m) for half-year to June 30, 1978. Profit before provisions and tax £53,000 (£85,000). Provisions £335,000 (nil). Pre-tax loss £282,000 (profit £85,000). Tax nil (same).

BARLOWS (packer, warehousing)—Turnover for half year to June 30, 1978, £353,409 (£163,826), profit £21,560 (£29,275), before tax £10,722 (£14,794). Board stated that results were affected by re-organisation arising from the formation of the new subsidiary, Barlows and Lloyds.

PROPERTY PARTNERSHIPS—Pre-tax profit for half year to September 30, 1978, £138,500 (£156,084). Tax £82,508 (£82,204). Interim 1p (0.8p) net per 25p share.

AB ELECTRONIC PRODUCTS GROUP—Results for the year ended June 30, 1978 reported on September 27 with full preliminary statement with prospects. Group fixed assets £3.49m (£3.91m), net current assets £2.38m (£2.74m). Working capital decreased £356,000 (£359,000 increase). Meeting, Cardiff, November 23, at 11.30 am.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY—Results for year to June 30 1978, already known. Investments R61.31m (R58.67), net current assets R101.04m (R91.31m). Meeting, Johannesburg, November 24.

BIDS AND DEALS

Dawson and Haggas still having discussions

The chairmen of Dawson International and John Haggas failed to reach agreement on merger terms at a meeting last Friday but talks aimed at concluding the negotiations by the end of this week are continuing.

"Nothing is certain in this life and the merger is wide open one way or the other." Mr. Alan Smith, Dawson's chairman, said yesterday: "I'm keen on it. Brian Haggas is keen on it, but there is the question of what's fair and equitable to both sets of shareholders."

Meanwhile, Mr Haggas, chairman of John Haggas, in his annual report, released yesterday, cautioned shareholders not to be too disappointed if agreement to merger with Dawson was not reached. He added that Haggas directors would not recommend a merger unless they felt sure that this was a sound investment with excellent prospects for growth.

Last night he took some of the sting out of the comments by stating they were not designed to prepare shareholders for a possible breakdown in merger negotiations. "It is just to let them know that if the deal does not go through we have other irons in the fire. We have had three informal approaches from other companies since the Dawson proposal was announced and we have said to each that we will wait until present negotiations are concluded. It would be discourteous to do anything less."

He stressed that a merger with Dawson was still an interesting prospect and stated that the proposed integration of management in the new company to be formed would give excellent prospects for growth.

Turning to his company's performance in 1977/78, Mr. Haggas said that despite a year of varying fortunes for the different divisions the company had achieved a 24 per cent increase in profits and improved substantially its cash position. The return on capital was 32 per cent and net earnings per share improved from 13.01p to 15.81p.

Turnover from the spinning division was considerably ahead of the previous year due to a much greater usage of pure wool but profits did not quite achieve the 1976/77 levels. Profits from knitting jumped 70 per cent and the future looks better than for many years, he added. "The fur fabrics division had a splendid year and fulfilled our best hopes. Profits more than doubled and it gives us considerable scope for further progress."

The consolidated balance sheet shows that net current asets at June 30 were £7.9m which includes almost £10m in quoted investments, largely gilts. A year ago the figure was £6m. The increase was funded partly from internal cash flow and partly through a £1.3m increase in bank borrowings.

Stock on hand rose from £1.7m to £2.3m; debtors was up from £2.0m to £2.4m while creditors totalled almost £3m compared with £2m a year ago. The value of shareholders' funds rose from £8.7m to £11.1m.

METAL BOX

The bid of £12.5m ($25m) by Metal Box for Risdon Manufacturing of Connecticut, first announced on October 19, went to tender yesterday.

The agreed bid, for $20 a share, is Metal Box's second major U.S. move since it ended its licensing agreement with the Continental Group.

The company believes that Risdon will give it a foothold in the cosmetic and speciality packaging market in the U.S.

Another sale by GKN

Guest Keen & Nettlefolds, which has been tidying-up its operations through a programme of closures and disposals over the past 18 months, has sold its Firth Cleveland wire ropes business to Arthur Lee & Sons.

Arthur Lee has paid £550,000 including the repayment of inter-company loans. This compares with Firth Cleveland, net asset value of £263,827 which excludes deferred tax of £184,565.

GKN has been taking a long hard look at a number of its operations — particularly those outside its traditional steel business — and in the past 18 months has closed its Midlands plastics division, a number of fastener works as well as chrome bumper and precision forging interests in Wales.

A group spokesman said yesterday that in the current climate of the wire rope market GKN had decided that its Firth Cleveland business was too small to compete satisfactorily with a major like British Ropes, which it estimated controlled around two-thirds of the UK market.

The spokesman said that the deal would double Arthur Lee's wire rope production giving it a 10 per cent share of the market.

Corn Exchange in new talks

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

The on-off bid saga at the Corn Exchange is both off, and on again.

In a statement to the Stock Exchange yesterday the company announced that the bid talks which sent its shares up by a third on October 19 have now broken down. But in the same statement the company explains that another bidder has appeared and that, once again, the Corn Exchange and Kleinwort Benson, its financial advisers, are in discussions which "may or may not lead to an offer being made." The news helped the shares to move 3p higher to 225p yesterday.

At the height of the last property boom, in 1973, an £18m valuation on the Corn Exchange's Mark Lane property in the City was viewed as unduly cautious by takeover spotters. A December 1977 valuation of the building at £8m, and supporting net assets of 275p a share, is now seen in the same light, and last year's news that Mr. Ron Brierley's Australian-based Industrial Equity group has acquired a 21 per cent shareholding revived bid interest.

Neither the company nor its advisers would name either the failed, or the new bidder, yesterday. But a number of enquiries have been received since the first announcement of an approach, and so an informal auction for the company may well be in progress.

LONRHO PROBE EXTENDED

The Monopolies probe into Lonrho's takeover bid for Scottish and Universal Investments is taking longer than planned and the investigation is not now due to be completed until next year.

The Monopolies and Mergers Commission, which has been working its way through a large amount of evidence, has successfully applied to Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection to extend the deadline for its report until February 11, 1979. It had been due to present its findings by the end of this week.

A spokesman for the Commission said yesterday that more time had been needed to complete its work.

The investigation has been complicated by the fact that a merger with SUITS would increase Lonrho's holding in the House of Fraser from 19.38 per cent to just under 30 per cent.

GREENCOAT PROPS.

Greencoat Properties has sold its 55.19 per cent shareholding in the City of Aberdeen Land Association to the Scottish Western Trust Company for £532,000.

Scottish Western, which is paying 107p a share less the rights to a 3.52p a share final dividend, is extending its 103½p per share cash offer for the balance of Aberdeen's share capital.

Scottish Western's bid compares with Aberdeen's book net assets of 93p a share.

ICFC STAKE IN PARSONAGE

Industrial and Commercial Finance Corporation has put up £130,000 to back the takeover of Parsonage Transformers by its managing director, Mr. Derek Chandler.

Through the package ICFC is to take a 35 per cent stake in Parsonage. The rest of the money is a loan. The company has been bought from Nevin Electric (Holdings) in a deal estimated to be worth £160,000. Parsonage manufactures components for a wide range of electrical and electronic products.

MINING NEWS

Mostly tiny diamonds so far at Ashton

BY KENNETH MARSTON, MINING EDITOR

THE PROMISED further progress report from the Ashton diamond exploration venture in the Kimberley region of Western Australia is much as expected in that it is encouraging, but does not greatly alter the picture at this early stage.

Issued at the request of Ashton Mining, so that latest news will be available when Ashton Mining shares start dealings on Thursday, the report covers results of the sampling programme from August 1 to October 31. It thus extends by one month the previous results covering August and September which were: 250 carats of diamond recovered from 47 samples containing about 4,888 cubic metres of material.

The first phase of surface testing of the pipe "A" is now complete. Over the past three months 27 samples containing 2,730 cubic metres of material from the pipe have been treated for a yield of 197 carats of diamond. This is a mixture of industrial and gem qualities made up of 966 stones, the largest of which is 4.9 carats.

Over the same period the scout sampling programme has worked on a total of nine pipes. From these 60 samples covering 5,780 cubic metres have yielded 215 carats of diamond. This was made up of no less than 2,319 stones, the largest of which weighed 5.7 carats.

Clearly, the bulk of the diamonds so far obtained must be of a very tiny size indeed. But the current testing phase is designed only to define whether or not the pipes contain diamonds and the latest results are only from a limited number of surface samples.

The results are thus not necessarily representative of the overall grade of the pipes. The next quarterly report is to be issued in January, but it has been stated that the work scheduled for the remainder of this year is not expected to provide any reliable information as to the grade of any individual pipe; so far 26 pipes have been discovered.

Partners in the Ashton venture are: Conzinc Riotinto of Australia 52.6 per cent; Ashton Mining 22.4 per cent, AO (Australia) 4.6 per cent, Sibeka 7 per cent, Tanaust Proprietary (previously Tanganyika Holdings) 8.4 per cent and Northern Mining 5 per cent.

Malaysian tin producers

WHILE the price of tin runs at record levels, having advanced in Penang by some 20 per cent this year and over 56 per cent since the beginning of 1977, mixed news comes from the Malaysian tin mining industry.

Gopeng Consolidated, which produced 1,713½ tonnes of tin concentrates in the year to September 30 compared with 1,800¾ tonnes in the previous financial year, reports a pre-tax profit for the latest period of £2.69m against £2.17m.

On the other hand, the single-dredge producer, Pengkalen, reports an estimated pre-tax profit for the same period of £123,750 against £364,415, the lower earnings reflecting a reduced production of 104½ tonnes against 308½ tonnes.

A second interim dividend of 16 per cent in respect of the year ended June 30 has been declared by Tongkah Harbour Tin Dredging. It makes a total of 24 per cent on the M$1 shares for the past year compared with 37½ per cent for 1976-77. Production of tin concentrates for the first three months of the current financial year amounts to 129 tonnes against 137 tonnes a year ago.

Irish smelter seeks planning permission

THE IRISH Industrial Development Authority has decided to apply for outline planning permission to build an electrolytic zinc refinery to process material from the Navan lead-zinc deposits at County Neath of Tara Exploration and Bula, reports our Dublin correspondent.

The IDA has decided on a site in County Kerry, on the south bank of the Shannon Estuary and lodged its application with the County Council yesterday. The site was chosen because of its proximity to deep water, availability of land and small population.

But the IDA has not yet found a partner to build the refinery which would cost about £100m. Government policy is to build the smelter in conjunction with a private company, but New Jersey Zinc, which did some preliminary studies, indicated some time ago it was not planning to go ahead with the deal.

Still heavy going for Falconbridge

LATEST NEWS from the Canadian mining scene includes further losses from the Falconbridge group, but more encouraging developments from the small Vestgron and Barymin companies. Against the background of continuing depression in the nickel market Falconbridge Nickel reports a nine-month loss of C$11.2m (£4.76m) compared with a re-stated loss of C$16.5m in the same period of 1977.

Latest results from the 50.2 per cent-owned Falconbridge Copper, however, make a more cheerful showing. In this case a profit of C$9.37m has been earned in the first nine months of 1978 compared with one of C$4.96m in the same period of last year. The 1978 figure is after a loss of C$1.79m from minority interests.

The Yava lead prospect at Nova Scotia's Cape Breton Island, on which Barymin's current hopes rest, has been given financial assistance of C$300,000 by the province to exploit its deposits. Nova Scotia's Minister of Development has described the assistance as "a catalyst" to the development of the operation.

Barymin has now made substantial progress in arranging the remaining financing of C$2.5m for the Yava property. It is hoped to get the mine to production before the year is out at an initial ore milling rate of 600 tons a day.

Vestgron Mines, the Cominco-controlled company which operates the Black Angel zinc-lead mine in Greenland reports net earnings for the first nine months of C$274,000 compared with C$5.23m in the same period of last year. But this represents a turn for the better because earnings in the third quarter were C$1.03m, more than recovering the loss made in the first half. Demand and prices for zinc concentrate have improved while markets for lead concentrate remain strong, it is stated.

NEW U.S. $200M MOLY MINE

Union Oil of California is to spend $200m (£101m) to develop a molybdenum mine at Questa, northern New Mexico.

The newcomer will be adjacent to an open pit mine which Molycorp, a Union subsidiary, has been operating since 1965. The project will include modernisation of the ore handling and treatment facilities.

Union said that production will begin in January 1983 and full production capacity of 18,000 tons of ore a day will be reached by mid-1984. The mill should produce 18m to 20m pounds of molybdenum a year for at least 20 years, Union added.

Nabarlek still in the lead

THE NABARLEK uranium deposit of Australia's Queensland Mines will be the first Northern Territory uranium mine to come into production, according to the Trade and Resources Minister, Mr. Doug Anthony.

He told an airport Press conference on his return from China this weekend that Queensland Mines believes Nabarlek can be producing within two years whereas the larger Ranger find of EZ Industries and Peko-Wallsend will take three years to develop to production.

Mr. Anthony hoped an agreement between Queensland Mines and the Northern Land Council, representing the Aboriginal people, would be concluded by Christmas.

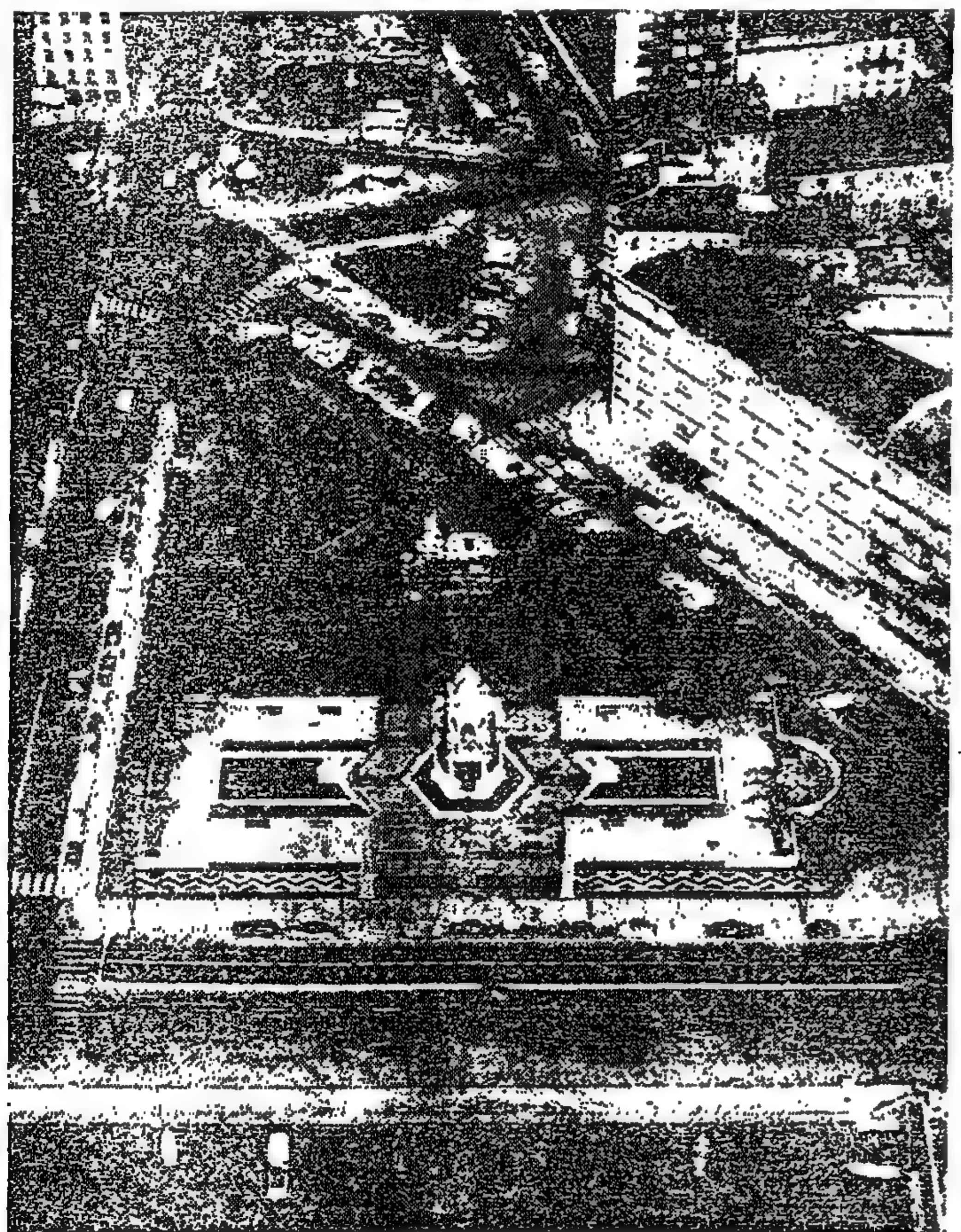
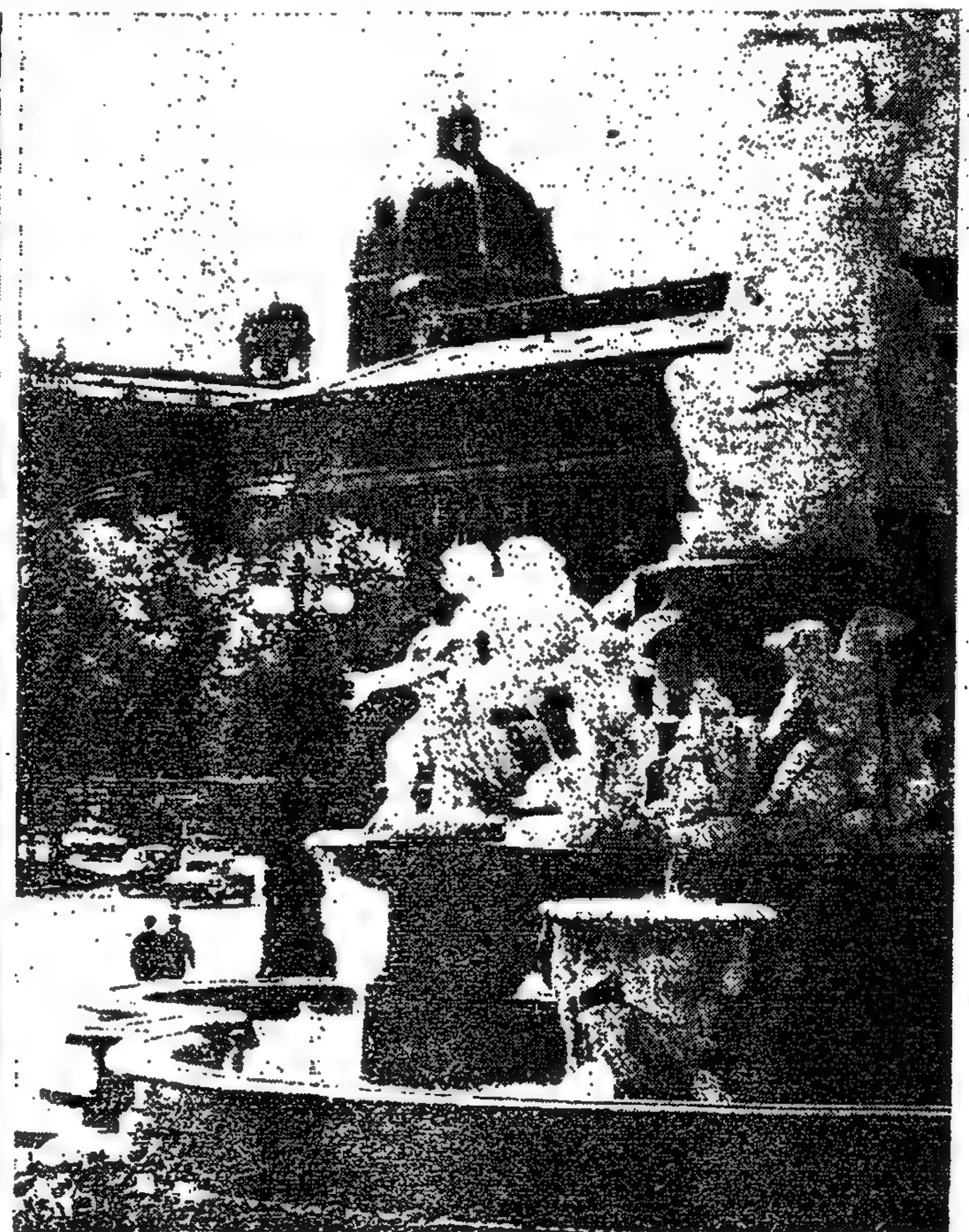
As previously reported, an NLC spokesman has said the question of the route to an access port for Queensland Mines is the only remaining issue to be settled.

Mr. Anthony said he was very pleased that the NLC, representing Aboriginal landholders in the territory's uranium province, had signed the agreement last Friday on terms and conditions for developing the Ranger site.

The delay in mining uranium had meant that Australia had probably lost some market opportunities but better to start now than not at all, Mr. Anthony said. "I think we'll get our share of the market."

ROUND-UP

Hudson Bay Mining and Smelting of Toronto said that its offer to purchase International Chemalloy Corporation's interest in Tantalum Mining Corporation of Canada has been approved by the Federal Government's Foreign Investment Review Agency. TANCO's other shareholders are Kawecki Berylco Industries and the Manitoba Development Corp. Hudbay will pay $6.52m for Chemalloy's interest but following the sale to Kawecki the net cost to Hudbay will be C$4.89m. TANCO is mining tantalum at Bernic Lake, Manitoba, and proven reserves are sufficient to last until 1982 at the current mining rate. TANCO has substantial undeveloped proven reserves of lithium.

S. Lyles still moving ahead

The improved trading which occurred at S. Lyles during the second half of 1977-78, is continuing to date in the current year, Mr. John Lyles, the chairman, says in his annual report.

Activity is at a high level, both at home and overseas, the chairman states.

The capital investment programme over the past few years gives the capacity, at competitive production cost levels, which has enabled the group to get an increasing share of the market.

Extensive involvement in the manufacture of yarn for plain and textured carpets has also enabled the group to take full advantage of the present market trend towards these carpets.

Export trade, mainly to Europe, is at a record level in money terms, and has not been adversely affected by stronger sterling, says the chairman.

For the year ended June 30, 1978, profits before tax were down from £744,196 to £392,799 from turnover of £9.93m against £10.2m. Current cost profit is reduced to £199,000 after adjustments for depreciation £282,000, cost of sales, £46,000 and £53,000 gearing.

Meeting, Ossett, November 24, at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Airflow Streamlines, Ambrose Investment Trust, Associated British Foods, BET Omnibus Services, Bank of Ireland, Bradford Property Trust, Capper-Neill, Cater Ryder, Clement Clarke, Coats Patons, De La Rue, Eva Industries, Gieves, Great Portland Estates, OK Bazaars (1929), W. L. Pawson, Portsmouth and Sunderland Newspapers, Roberts Adlard, Scotcros, Whitbread, Young Companies Investment Trust.

Finals—Allied London Properties, Anglo Scottish Investment Trust, A. Aronson, Bridport Gundry, CLRP Investment Trust, Cedar Investment Trust, Drayton Consolidated Trust, Jenks and Cattell, Jessups, Marionair, Scottish National Trust.

FUTURE DATES

Interims:—

Atkins Brothers (Hosiery)	Dec. 4
Brickhouse Dudley	Nov. 29
Brunning Group	Nov. 21
Country Gentleman's Association	Nov. 27
Folkes (John) Hefo	Nov. 22
Old Swan Hotel (Harrogate)	Dec. 9

Finals:—

Benzer (C. H.)	Nov. 10
Bellway	Nov. 9
Brigray	Nov. 10
British Sugar	Dec. 7
Gleeson (M. J.) (Contractors)	Nov. 23
Wade Potteries	Nov. 21

Hunt & Moscrop set to reap long term benefits

A MAJOR move forward in order intake and turnover is being experienced by **Hunt and Moscrop (Middleton)**, with exports being an ever more important part of the company's output, reports Mr. Edward W. Hunt, chairman, in his annual statement.

He states that the company now has the products and physical capabilities to ensure a further and substantial increase in activity, but of necessity also has the short term disproporationate burden of overhead costs to realise the potential increase in business.

While the imbalance is a short-term situation, it will mean that the current year is one of consolidation with a better trend of profitability emerging in the second half.

Looking further ahead, Mr. Hunt expects to see the real benefits of the company's investment in plant and personnel showing through in the year ending June 1980, by which time all group companies should be making contributions towards a substantial increase in the level of trading.

As reported on September 29, pre-tax profits for the year to June 1978 expanded from £1.33m to £1.48m on turnover ahead from £12.33m to £16.36m. The total dividend is stepped up from 0.700981p to 0.78276p net and a scrip issue on the basis of one deferred ordinary share for every four ordinary shares is also proposed.

The heat transfer division achieved record results for the year and accounted for one quarter of the company's increased output.

The chairman reports that Johnson-Hunt once again increased its profitability but now finds limitations with its existing size. Plans are to hand to bring new capacity on stream at this company by June, 1980. Currently the company is trading at a steady level, but prices are somewhat tighter than a year ago. The long-term outlook is viewed by the chairman with encouragement.

Hunt Heat Exchangers is trading at a high level with the machine cooler business now firmly established.

The other company in the heat transfer division, Turnbull and Scott (Engineers), made good progress in the year under review. New products and activities made positive contributions towards improved performance and the directors plan to introduce two new products during the current year.

During the year under review the group experienced difficulties in Canada. The overall pre-tax profit was down from $252,638 to $72,340. This embodied a reduced contribution from Hunt and Moscrop (Canada) and a trading loss at Canada Fans which had previously been anticipated.

Everything possible is being done to improve the performance of the Canadian companies, but these measures are inevitably slow and it will be some time before these companies perform at the level they achieved in former years.

The effluent plant, Whitehead and Poole, made excellent progress during the year, completing its new production facilities and winning a greater volume of contracts, especially from overseas. The general outlook at this subsidiary is encouraging and the company is seeking to further expand its activities.

Chemical and Thermal Engineering achieved a major increase in turnover but a modest improvement in pre-tax profits due to the directors' conservative valuation of a partly delivered contract to the USSR. The total value of this contract is £4.7m and is due for completion in the current year. The company continues to trade at a reasonable level, though some new contracts are taking longer in negotiation than had originally been expected, resulting in equal delays in expected completion dates.

The new subsidiary, Chemical and Thermal Controls, suffered a loss in its first year of independent operation. Starting up costs were higher than anticipated and margins on some contracts were extremely low. Steps have been taken to redress this situation and a higher level of incoming business is being achieved.

Although the chairman is looking for an improvement in this company's financial returns for the current year, it is not expected that any positive contribution will be made until 1979-80.

The directors are proposing that the company's Articles of Association be changed so that the total borrowings are limited to three times the value of the issued capital; at present borrowings are limited to the nominal amount of the capital.

The value of goods exported by the company during the year to June 30, 1978 amounted to £5.21m and represented 32 per cent of total turnover (1976/77: £2.68m and 22 per cent respectively).

A geographical analysis of export turnover in percentages shows: the Americas 10; Europe 76; Africa 4; Australasia 4; Asia 6.

A statement of source and application of funds shows a £311,620 (£553,926) increase in working capital.

At October 20, 1978, Standex International held 11.78 per cent of the company and Mrs. R. J. Haslam held 5.32 per cent.

The AGM of the group will be held in Manchester on November 30 at noon.

Sun Alliance linked success

FUNDS UNDER management of Sun Alliance Linked Life Insurance, a member of the Sun Alliance Group, have grown to over £5.5m in less than a year since the launch of the company at end-November 1977.

Most success has been achieved in the property fund, which now exceeds £2m with a unit price 22.3 per cent above the launch price. The International fund has also done well, despite recent problems on Wall Street, with a value of £1.3m and its unit price around par. The unit price of the equity fund has shown the best performance so far with a rise of 31.7 per cent, with a fund value almost £1m. The fixed-interest fund, which amounts to £0.7m, is showing an 11 per cent increase, the fund being invested mainly in long-dated gilts, which have been less affected by the recent rise in interest rates.

However, the company has found that many investors prefer to spread their investments through the Managed fund. This fund, which invests in units of the other funds in proportions decided by the company, now amounts to £2.2m with the unit price showing a 15.7 per cent increase. At present the portfolio is divided between equities 27 per cent, fixed interest 15 per cent, property 30 per cent and international 28 per cent.

For investors who wish to manage their own portfolios, the company provides a facility for switching between funds at minimal cost. The investor can provide himself with regular income by using the withdrawal facility and there is a share exchange scheme.

CONTRACTS

William Moss gets £6m order

The Loughborough branch of **WILLIAM MOSS (CONSTRUCTION)**, a subsidiary of the William Moss Group, has been awarded a contract worth over £5m by Metal Box for extensive alterations and additions to a factory at Braunstone, Leicestershire.

*

A contract to supply 200 Univac compatible video display terminals to the Telecommunications Authority of Singapore (TAS) has been awarded to **DELTA DATA SYSTEMS** through the company's Far Eastern distributor — Total Computer Systems—in Singapore.

*

The Post Office has ordered, from **PYE TMC**, electronic regenerators worth over £2.2m for telephone exchanges.

*

FIELDING AND PLATT — the Redman Heenan company—has been awarded a contract worth nearly £700,000 to supply a 16 MegaNewton extrusion press and associated equipment to Effah, Boakye and Company—a Ghanaian company.

*

The electrical work in the facilities building at the new Hoover factory at Merthyr Tydfil is to be installed by the Bristol branch of **HADEN YOUNG**, part of the Haden Carrier Group. The contract is valued at £140,000.

*

PYE TELECOMMUNICATIONS has won orders worth well in excess of £2m. The contracts include orders for communications equipment for police, fire, postal authorities, security organisations, Government departments and airport authorities.

*

LABGEAR, a Cambridge-based Pye Group company, has been awarded a £173,000 contract to manufacture a telephone cable pair identifier for the Post Office.

*

RACAL COMMUNICATIONS has secured a contract to supply the Defence Ministry with computer controlled HF receivers worth more than £750,000.

*

CHRYSLER UK has secured two further fleet car contracts worth over £2.5m during the International Motor Show. This brings the total value of fleet car orders received during the Motor Show to over £8m. The latest orders come from: Channel Islands Car Hire Operators for models worth over £2m and from Europcar, the European daily car rental company, for models worth over £500,000.

*

GAS AND EQUIPMENT of East Tullos, Aberdeen, has been awarded a £300,000 contract to provide oxygen and helium gas storage facilities on a support vessel under construction for Occidental Petroleum (UK).

*

A contract worth about £750,000 has gone to the Leeds branch of **N. G. BAILEY AND CO.** for electrical work in the extension and alterations to the Halifax Building Society's computer centre in Halifax.

*

A contract worth about £242,000 which includes site development works for an advance factory at Lower Broughton has been awarded to **POCHIN (CONTRACTORS)**, of Middlewich, Cheshire. The factory is for the Department of Industry.

*

CIBA-GEIGY ENVIRONMENTAL TECHNICAL SERVICES has won a contract worth more than £300,000 placed by the North West Water Authority, Eastern Division. The project comprises the design, installation and commissioning of a multi-stage wet-scrubbing system at the Davyhulme Effluent treatment works, Manchester.

*

GRUNDY AND PARTNERS of Stonehouse, Gloucestershire have won a £1.5m contract from AUWE (Admiralty Underwater Weapons Establishment). The contract is for the manufacture, assembly and test of special purpose cable assemblies used on submarines to provide an umbilical connection between the torpedo tube and the torpedo. They enable power supplies and signal voltages from a submarine to be fed into the torpedo prior to launching, allowing constant updating on situation.

*

Butlin's part of the Rank Organisation, has placed orders worth £400,000 with **DCC INTERNATIONAL**. The orders are for eight individual computer systems, one to be installed at each of Butlin's holiday centres in the UK.

*

A contract worth about £80,000, which includes site development works, has been awarded to **THOMAS MUCKLE AND SONS** of Rothbury for an advance factory of 5,000 sq ft for the development Commission at Haydon Bridge, Northumberland.

WEIR CONSTRUCTION has been awarded a contract to expand the geriatric facilities at Glasgow's Stobhill Hospital by Greater Glasgow Health board. The contract, valued at about £600,000, is for the supply of two 30-bed ward units with communal facilities to be erected in the grounds of the hospital.

*

ROBERT MORTON DG has won a £200,000 contract from Everard Breweries for the redevelopment of the supply of conical fermenting and conditioning tanks for the company's Tiger Brewery.

*

A contract worth about £54,000, which includes site development works, has been awarded to **NEWDALE CONSTRUCTION** of Workington, for an advance factory of 2,500 sq ft for the Development Commission at Askam-in-Furness, Cumbria.

*

FENAMEC, the materials handling division of the Hull-based Fenner Group has been awarded two orders, together worth more than £180,000. The first is to enlarge an existing order-picking system at the warehouse and distribution centre of Gilbert and John Greenall, Warrington. The second order is for an extension to an existing Fenamec conveyor system at the Reddish, Stockport, factory of V. and E. Friedland, manufacturers of domestic and industrial bells and chimes.

*

Bacofoil, manufacturers of household and industrial foils, and capping strip, has placed an order for £160,000-worth of additional heat treatment plant for its Glasgow works. The contract has gone to **BIRLEC**.

*

PLESSEY EAE, the oil industry service group based in Great Yarmouth, has been awarded another contract to the value of £130,000 by the Gulf of Suez Petroleum Company (GUPCO). The order is for the erection of tropospheric-scatter radio antennae at both ends of the multi channel link between Dashor near Cairo and the Gulf of Suez oil terminal at Ras Shukeir.

*

Ford dealer J. Blake and Co. of Liverpool, has ordered a new ICL 2903/40 computer system valued at about £100,000.

*

ENGLISH ELECTRIC VALVE COMPANY, of Chelmsford through its American subsidiary EEV Inc., Elmsford, has been awarded a contract worth more than $250,000 by CCA Electronics Corporation, New Jersey. The order covers the supply of klystrons and related circuit assemblies to be used in CCA's new line of UHF TV transmitters.

*

The hotel systems division of **MARCOL COMPUTER SERVICES** has received an order from Rank Hotels to install Marcol's CHAMPS — computerised hotel accounting and management processing system—at The White House Hotel, Regents Park, London. The contract is worth in excess of £150,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

GM lifts market share by 4% in October

BY JOHN WYLES NEW YORK, Nov. 6.

DURING A relatively undistinguished sales month, General Motors made substantial gains in October at the expense of its main rivals, Ford and Chrysler, and boosted its market share by more than 4 per cent.

This is the second consecutive month in which GM, the number one U.S. car producer, has put on dealer sales while its two rivals were suffering declines. September's performance was attributed to a number of special factors linked to the introduction of new 1979 models, but the October figures are proving more difficult to explain.

While total sales of domestically produced cars rose by a modest but still healthy 1.1 per cent over October last year to 879,292 units, GM's dealer sales surged by 8.7 per cent to 528,096, yielding a 60.1 per cent market share compared with 55.8 per cent. Ford Motor's sales slipped by 9.4 per cent to 231,444, and Chrysler's by 5.5 per cent to 107,327.

Ford's loss may cause some tremors among its shareholders, who are still digesting last month's news that its domestic profits slumped by $93m in the third quarter. In the past 10 days of the month, the company's sales were off by 15 per cent, and for the moment Ford is at a loss to explain the slump. However, since it coincides with the first full exposure of its 1979 models, there may be some anxiety about the outlook at world headquarters in Dearborn, Michigan.

Chrysler, which last week gained the services as president and chief executive officer of the Ford president, Lee Iacocca, will also be unhappy about the October figures, showing a 6.1 per cent drop in sales to 42,857. American Motors, Detroit's smallest car producer, suffered worst of all, however, sustaining a 22.3 per cent drop to 3,773 units.

While import sales were 7 per cent higher than last year, foreign makes failed to maintain the impetus of September, when they captured 21.5 per cent of the U.S. market. Dealer sales of around 153,800 units point to a 14.9 per cent import market share in October.

Price rise to boost Mobil profit

NEW YORK, Nov. 6.

MOBIL CORPORATION expects petrol prices to rise by about 2 cents a gallon on December 1, the date on which oil companies are allowed by the Department of Energy to pass through higher costs.

Company officials say the price increase, coupled with a strong marketing position in petrol in the U.S., should help fourth-quarter earnings.

Mobil recently reported that nine months' earnings rose to $7.50 a share on revenues of $26.6bn, compared with $6.63 a share on revenues of $25.0bn for the same period last year.

For all of 1977, the company earned $9.49 a share on revenues of $32.1bn.

Mobil officials declined to estimate a possible year-end crude price increase by OPEC. But the chairman Mr. Raleigh Warner noted that if political troubles continue in Iran that country "could be out of the picture for some time," complicating an OPEC decision on a price hike.

He noted that political turmoil in Iran has already cut petroleum production to about 1.5m barrels a day from about 5m barrels a day and that most of the oil being exported is heavy crude.

Saudi Arabian petroleum production has been increased to nearly 10m barrels a day, but any further increase there would not be enough to offset the impact of lower Iranian production.

Commenting on drilling operations in the Baltimore Canyon area, Mobil officials said they were not encouraged by results of three wells drilled to a depth of about 16,000 feet. Agencies

Canadian control for Tfachot

BY L. DANIEL TEL AVIV, Nov. 6.

THE SALE of one of the largest companies controlled by the Israeli Government—the Tfachot Mortgage Bank—is expected to be completed within a fortnight, following months of negotiations. Control will pass from the Government into the hands of the Reichmann brothers of Canada, who will acquire 52 per cent of the voting rights and 17 per cent of the capital from the Government against payment of $16m. The second largest shareholder is to be the United Mizrachi Bank which is negotiating with Clal Investment to acquire the latters shares in Tfachot and also intends to buy shares held by the Israel Investors Corporation. However, it is not clear at present whether both these bodies will sell, and if they do, whether all or part of their stockholdings in Tfachot. If the United Mizrahi Bank (which ranks among Israel's five largest) buys 50-60m shares for $16m from Clal and Israel Investors Corporation, it will have about one third of the voting rights.

Clal holds about 30 per cent of the stock and 20 per cent of voting rights and Israel Investors 24 per cent of the stock and 16 per cent of the voting rights.

Meanwhile, Robert Gibbens writes from Montreal: BP Canada, the Canadian arm of British Petroleum, earned C$27.4m or $1.30 a share in the first nine months against C$32m or $1.52 a year earlier on revenue of C$606m ($539m). Gas and oil earnings were only marginally higher, while reduction overall mainly due to extremely tight margins in refined products. Some improvement shown in past two months.

Iowa Beef approves Pacific Holding bid

DAKOTA CITY, Nov. 6.

IOWA BEEF PROCESSORS has approved in principle a cash merger proposal under which Pacific Holding Corporation would acquire the 82 per cent of Iowa Beef it does not already own for about $255m. Pacific Holding is wholly-owned by Mr. David H. Murdock, a Los Angeles businessman.

Including the shares held by Pacific Holding, the offering price of $60 a share for Iowa Beef's common, values the company at some $304m.

Mr. J. Fred Haigler, Iowa *Beef Processors' chairman*, said that under the terms of the proposed acquisition, the management of Iowa Beef would remain the same.

The merger is subject to the completion of satisfactory financing arrangements by Pacific Holding, approval by holders of a majority of the shares of Iowa Beef, certain regulatory approvals, and certain other details and conditions.

Sharp advance by Boeing

By Our Financial Staff

A JUMP of 132 per cent to $92.6m, in third quarter net earnings is announced by Boeing, which also declares a special dividend of 50 cents in addition to its regular quarterly payment of 30 cents. A special dividend of 25 cents was paid in the first quarter of year.

Share earnings for the quarter advanced from 91 cents to $2.17, and sales also showed a substantial increase—from $891.3m to $1.45bn.

At the nine months stage, net earnings of $215.3m are 73 per cent up on the comparable period, with share earnings at $5.05 against $2.93.

U.S. METALS INDUSTRY

Fortunes looking brighter

BY DAVID LASCELLES IN NEW YORK

DESPITE ALL the cries of woe earlier this year from U.S. metals producers, 1978 may not turn out to be so bad after all. True, some of the industry giants are still operating at loss, the copper industry did not get the special protection it wanted from President Carter, and strikes continue to plague operations. But despite all this, the trend is unmistakably upward.

From the purely statistical point of view, most of the industry leaders turned in better results in the third quarter and if they did not, there were usually special reasons. St. Joe Minerals, for instance, suffered from the exceptional weakness of the zinc market. The underlying trends are improving too, with firmer metals prices giving cause for optimism.

A similar picture emerged at two of the largest companies for which figures are available (quarterly breakdowns are no longer available for Anaconda since its consolidation with Atlantic Richfield.) Phelps Dodge turned in a net loss of $2.6m, a great improvement on the net loss of $22.3m in the same quarter last year. This brought nine months earnings to $14m against only $4.5m last year equivalent to 46 cents a share (16 cents last year).

Kennecott, which is still fending off a bitter challenge for control from Curtiss-Wright, ended the quarter with a loss of $9.9m against a loss of $22m last year. The nine month loss, though, amounted to nearly $1.3m (against a loss of $11.4m last year), and Kennecott claimed it might even have been back in the black again were it not for foreign exchange losses.

Amax, which earns proportionately less of its income from metals, said its third quarter earnings reached a record $44.3m, up 48 per cent on the same period last year. Like Phelps and Kennecott, it noted *higher prices and shipments for* its metals.

The strengthening of the copper market was one of the two main reasons why President Carter ignored a recommendation by the International Trade Commission that something be done to protect the domestic copper industry from cheap imports. (The other was fear of the effect that protection would have on prices.)

However, the copper industry itself was not optimistic about its prospects of winning relief, despite the strong arguments it had put to the ITC during hearings earlier in the summer. It had asked for an import quota of 198,000 tons.

And when Mr Carter announced his decision in mid-October, it came as no surprise.

Even so, Kennecott announced in its latest quarterly report that the company "will continue to seek relief from the industry's problems carried by the combination of low-priced imports and the added cost to domestic producers *resulting from* Government-mandated environmental controls and other social policies."

Although other companies were less explicit than Kennecott on this issue, many have tried to tone down the apparent strength of the recovery in the metals business, presumably to preserve the grounds on which they base their claims for special treatment.

Both AMAX and Phelps Dodge, for instance, pointed out that their sharply improved third quarter results were partly due to the exceptionally poor figures *for the same period* last year, when strikes bit deeply into earnings.

Similarly, Asarco said that its quarter-by-quarter comparisons (which showed a shift from a loss of $11.2m last year to a profit of $9.7m this year) was distorted by the fact that the 1977 third quarter bore the brunt of strikes which closed all its domestic copper plants and all but one of its mines.

But generally, the only exception to improving trends is zinc where oversupply has led to a slower recovery in prices, and cheap imports continue to upset domestic producers. St. Joe Minerals, for whom zinc is an important product, blamed what it called "a demand/supply imbalance in the zinc industry" for part of the reduction in both its third quarter and nine month earnings. Though even here, its report stated: "currently firming prices should help the zinc industry."

The underlying optimism of *the industry* was best summed up by Asarco's chairman and chief executive officer, Mr. Charles Barber, who made a statement which read in part: "The strengtheneing of the markets for Asarco's four major metals—copper, lead, zinc and silver—in the third quarter appears to be soundly based, and we expect it to continue in the fourth quarter. Production and consumption of these metals are in good balance. The large stocks of copper and zinc overhanging the market have declined significantly during 1978. Most importantly, con*sumption of these metals in* Western Europe and Japan seems finally to be recovering from the effects of the worldwide recession of 1974."

THIRD QUARTER RESULTS ($m)

	Sales		Net Income (Loss)	
	1978	1977	1978	1977
Phelps Dodge	266.9	190.0	(2.6)	(22.3)
Amax	474.4	293.5	44.3	29.9
Kennecott	45.2	171.2	(9.9)	(21.9)
Asarco	315.6	230.8	9.7	(11.2)
St. Joe Minerals	163.6	186.2	3.9	10.6

EUROBONDS

Another uncertain day for dealers

By Our Euromarkets Staff

THE UNCERTAIN conditions in the international bond markets after the U.S. measures to aid the dollar were extended in cautious trading in Europe yesterday.

Straight Eurodollar bonds were mixed on low turnover, reflecting concern over prospects of higher short-term U.S. interest rates. Floating rate notes displayed strength, however, as investors sought issues due to have coupons readjusted in the near future.

The $25m floater from the United Overseas Bank was fixed *yesterday* with a coupon of 12 5-16ths per cent compared with 8.31 per cent previously. While the market for new straight dollar issues remains effectively closed, a further FRN issue is anticipated from a prime name later this week.

Both the Deutsche-Mark and Swiss franc markets lost further ground. Each sector was said to be nervous in anticipation of the mooted offering of up to $10bn of U.S. Government foreign currency bonds.

In D-Marks, selling pressure was substantial at times, with some issues losing up to a full point. Like the Swiss sector, there was still unloading of paper from quarters which had been speculating heavily on exchange market appreciation in the two currencies in recent weeks.

The market for Eurosterling bonds, after some severe liquidation last week, was much steadier. Offshore sterling bonds now yield more than domestic U.K. Government issues, and switching by international investors into Eurosterling paper was described as one factor underpinning the sector.

Because of the continuing weakness in the market for Japanese D-Mark convertible *bonds, West LB is giving its* current issue for Nippon Yusen, the Japanese shipping line, a conversion premium of effectively only 7 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 9.45 83	175	[illegible]	[illegible]	[illegible]	[illegible]	9.52
Australia 9½ 93	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beatrice Foods 7⅞ 83	100	[illegible]	95	0	[illegible]	9.22
CECA 9¼ 87	50	[illegible]	94	[illegible]	[illegible]	[illegible]
CECA 9 93	25	[illegible]	[illegible]	[illegible]	[illegible]	9.53
CECA 9¼ 98	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
CNT 9 93	75	[illegible]	94	[illegible]	[illegible]	[illegible]
Canada 9 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9.35 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 8⅞ 98	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.27
Canada 9½ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair 9¼ 83	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Dominion Bridge Co. 9 88	25	[illegible]	[illegible]	[illegible]	[illegible]	10.35
EIB 9⅛ 85	100	[illegible]	96	0	[illegible]	9.76
EIB 9¼ 98	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅝ 98	150	[illegible]	[illegible]	[illegible]	−1	9.76
Elsam Jutland 9 88	25	[illegible]	[illegible]	[illegible]	0	[illegible]
Eksportfinans 9 88	50	[illegible]	[illegible]	0	[illegible]	9.77
Export Develpmt. 8.8 83	125	[illegible]	[illegible]	[illegible]	+1	[illegible]
Finland 8⅞ 83	100	[illegible]	[illegible]	0	[illegible]	[illegible]
Finland 9 88	100	[illegible]	[illegible]	0	[illegible]	9.78
Hospital O/S 9 83	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I/C Industries 9 88	[illegible]	[illegible]	92	[illegible]	[illegible]	[illegible]
Itel Finance 9¼ 85	25	[illegible]	[illegible]	0	[illegible]	10.22
Itel Finance 9⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.25
Ito-Yokado 9⅞ 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.91
J. C. Penney 8⅞ 83	150	95	[illegible]	[illegible]	[illegible]	[illegible]
Mac Bloedel 9⅞ 93	50	[illegible]	[illegible]	0	[illegible]	[illegible]
NZ Dev. Fin. 8⅞ 88	[illegible]	[illegible]	92	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. 8⅞ 85	[illegible]	[illegible]	92	0	0	10.13
Nat. West. 9 86	75	[illegible]	[illegible]	0	[illegible]	9.95
Newfoundland 9⅞ 98	50	[illegible]	[illegible]	0	[illegible]	[illegible]
Nord. Inv. Bk. 8¼ 85	25	[illegible]	[illegible]	[illegible]	[illegible]	9.37
Norges Komm. 9⅞ 85	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Izumiya 3¾ 86 DM	10/78	989	105¼	106¼	−0¼	4.08
Jusco 3¾ 86 DM	1/79	1270	100½	101½	+0¼	10.99
Konishiroku 3½ 85 DM	1.79	612	97½	98½	−0¼	12.58
Marudai Food 3½ DM	2/79	1033	104½	105¼	+0½	12.85
Murata Man. 3½ 86 DM	11/78	854	95½	96¼	−0¼	[illegible]
Nippon Air. 3.5 88 DM	12/78	908	96¼	97½	−0½	3.15
Nippon Shinpan 3¾ DM	8/78	738	120	121¼	+5½	2.21
Nissan Diesel 3¼ 86	2/79	477	93¼	95¼	+0½	6.35
Ricoh 3½ 86 DM	10/78	627	102¾	103¾	0	14.07
Sankyo Electric 3½ DM	8/78	569	125	[illegible]	[illegible]	5.06
Sanyo Electric 3½ DM	11/78	295	95¼	96¼	+0¼	7.37
Seiyu Stores 3¾ 86 DM	9/78	1275	115½	116½	−0½	−2.72
Stanley Electric 3¼ DM	11/78	623	101¼	102¼	+0¼	8.65
Trio-Kenwood 3¼ 86 DM	11/78	711	93¼	94¼	+0¼	14.74

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Moves by Agache-Willot cause concern at bourse

BY DAVID CURRY — PARIS, Nov. 6.

FINANCIAL MOVES now taking place within the highly individualistic and frequently controversial French textile group Agache-Willot—which recently took over the Boussac textile empire—are causing concern at the stock exchange watchdog authority, the Commission des Operations de Bourse, and among investors.

The parent company, Agache-Willot, has still not published its final results for the year which ended on March 31, while the group is trying to extend the financial years of two of its most important subsidiaries to 18 months so they will end on June 30, 1979 instead of December 31, 1978.

One of these subsidiaries is Saint-Freres, which initially announced a FFr 15.5m profit for 1977 but which was obliged by the COB and its accountants to trim this to FFr 8.1m because of depreciation of portfolio values. The 1978 financial year has already been extended to 18 months.

The other company is Consortium General Textile, and shareholders are being asked in a week's time to approve the extension of the financial year.

Agache-Willot holds 81.4 per cent of Saint-Freres and 55 per cent of CGT. CGT's 1977 accounts have still to be published. The parent company's provisional profits were put at FFr 44m, but this was before provision for depreciation of the portfolio's value. The bourse expects to see the parent company as well as the two big subsidiaries reporting a final loss.

To add to the uncertainty, Agache-Willot recently abandoned a project to merge the two subsidiaries.

The four Willot brothers who control the group have a reputation for taking financial short-cuts. In 1974 they were found guilty by a French court of share manipulation and fraud connected with their takeover of Bon Marche, and received heavy fines and a suspended prison sentence.

They acquired Saint-Freres in 1969, and followed this with La Belle Jardiniere and Bon Marche. Two years after the conviction they were again on the takeover trail when they took over the country's leading chain of furniture stores, Conforama.

Saint Freres was used this year when the Willot brothers acquired the bankrupt Boussac empire, together with its losses of some FFr 10-12m a month.

Earlier this year, the group had taken control of the Belgian stores concern Galeries Anspach, and then used Galeries Anspach as the vehicle for the acquisition of a 51 per cent stake in the U.S. east coast stores chain, Korvettes.

All this year's acquisitions are operating at a loss at the moment, it is understood, although the American chain is regarded as a good recovery prospect.

M. Georges Hereil, the chairman of Agache-Willot, has been preaching for some time the need to reorganise the group, which would probably take the form of the creation of operating susidiaries covering the commercial activities and textiles respectively, reporting to a holding company. But this restructuring has still not seen the light of day, and the group's accounting is still too opaque for the liking of the COB.

Kockums suspended as talks warm up

By John Walker

STOCKHOLM, Nov. 6.

TRADING in the shares of Kockums, the Swedish shipbuilding and industrial group, was suspended in Stockholm today at the company's request as talks with the Government on the possibility of a state takeover gained momentum.

The Ministry of Industry announced that the head of the industrial section of the Co-operative Association, Mr. Rutger Martini-Loef, is to be the state's chief negotiator in the talks, which are expected to produce an agreement "before the end of the year at the latest."

Last week, Kockums, which is the last major Swedish yard in private hands, unveiled an eight-month loss of SKr 174m before tax, and forecast that for 1978 as a whole losses could top SKr 200m ($46m). Recent government loans were expected to safeguard liquidity until the end of 1978.

According to some observers, the shipyard has met with a hard attitude from the government and it is believed that the chief negotiator wants to offer only a token sum for the yard. It is generally thought that the yard will eventually be swallowed up by the state shipbuilding giant Svenska Varv.

In June, Kockums arranged a $200m credit facility under a state guarantee and received a SKr 340m direct loan from the government.

Banks reach agreement on Liquichimica rescue plan

BY RUPERT CORNWELL — ROME, Nov. 6.

AN AMERICAN banking consortium has finally agreed on a rescue plan for the stricken chemicals group, Liquichimica, coupled with a moratorium on its outstanding debts, which could reach as much as L1,000bn ($1.2bn).

The bank salvage scheme, which involves an immediate advance of some L30bn, is linked to a further L11bn of aid from the Cassa per il Mezzogiorno Government agency, which channels funds to the depressed south of the country.

The plan covers four plants of Liquichimica. One of them is in Sicily and another in Calabria, where the acute problems of southern unemployment and poverty were largely behind the collapse of the province's regional Administration last week.

The settlement is expected to mark a temporary conclusion to the troubles of the group. It comes almost three months after a similar agreement was reached in outline by the consortium involved, only to be held up after second thoughts by some of the participants.

Also included in the deal is the provision for part of the back pay due to workers now on strike at the plants to be made good. The arrangement averts the threat of bankruptcy and a complete close-down of Liquichimica operations there.

But the crisis in the country's chemical sector has been again underlined by the news that Anic, the chemicals and fibres concern mainly owned by the Ente Nazionale Idrocarburi (ENI) state energy group, may be forced into a further capital write-down, after a similar operation only a few weeks ago.

In the first six months of this year, Anic lost L115.6bn ($138m), on sales of L455bn ($545m). There is therefore every likelihood that the full year's losses will exceed the stipulated figure of a third of the company's capital of almost L200bn, at which point a capital write-down and reconstitution becomes mandatory.

An extraordinary meeting of Anic shareholders has been called for next month, although it is not clear whether any capital restructuration would be carried out then, or be put back until after the financial year has closed.

These factors, coupled with the massive fundraising under way to increase the capital of the troubled Montedison chemicals group by over L200bn to L356bn have weighed heavily on the Milan bourse in recent days, and the market dropped again in most sectors today, although Anic itself rallied slightly.

Philips links job prospects to markets

By Charles Batchelor

AMSTERDAM, Nov. 6.

PHILIPS, the Dutch electronics concern, can expect to shed 20,000 of the 85,000 jobs it now provides in Holland over the next 12 years, unless it adapts to new markets and new products. This is the conclusion of an internal report prepared by a special study group for the company, details of which were released today by the NVV industrial trade union.

The group, which is the largest private sector employer in Holland, confirmed the union's figures but said the report was not a policy document, nor would it form the basis for any immediate decisions. The report was distributed to a hundred or so senior executives of the company in May for their reactions, it said.

The loss of nearly a quarter of Philips' jobs in Holland is the most gloomy of a number of possible developments discussed in the report, the company said. This would only materialise if it did not open up new markets, develop new products and move into new geographical areas. The recent expansion of Philips' activities in North America is an indication that the company is, in fact, developing new markets, it said.

In the past eight years, Philips has already shed 17,000 jobs in Holland, including 2,600 in 1977 alone. It employs 383,900 people worldwide and is the largest private employer outside the U.S. The company has reduced the number of jobs more quickly in Holland than elsewhere, but its worldwide workforce has also fallen from the 1974 peak of 412,000.

Employment in the electronics industry has been declining continuously over the past few years, due to technological and marketing developments, it said in a recent review of the labour situation. New components such as integrated circuits have reduced the time and manpower needed both in the making of the components themselves and in the final assembly. The slowdown in the sales growth rate by volume, coupled with improved productivity, has also contributed to the decline in the size of the workforce needed.

Import controls imposed by some countries and the high level of costs in Europe have led to the transfer of factories to cheaper countries. Philips has also had to set up in certain markets and centres of expertise, such as the U.S., in order to keep up with the latest developments.

Management change at Aker

BY FAY GJESTER — OSLO, Nov. 6.

NORWAY'S AKER group, the ship and oil platform builder, is transferring its managing director, Mr. Carsten H. Schanche, "to other management tasks in connection with the overall industrial activities of the Fred Olsen group." His successor as head of Aker is 43-year-old Mr. Gustav Heiberg Simonsen, who joined the group as economic director only two years ago, after starting his career in banking.

Speculation that Mr. Schanche's departure might be linked with Aker's recent failure to secure two large North Sea contracts was denied by both management and employee representatives. The press release announcing the change said it was taking place "as previously foreseen" following completion of the concern's restructuring. The Olsen group owns a large stake in Aker.

The employees' representative on Aker's board, chief shop steward Mr. Gunnar Nilsen, pointed out that Mr. Schanche had joined Aker just when the concern faced a major shake-up following the cancellation of tanker orders worth NKr 4bn ($800m). Important changes in the group's activities have taken place under Mr. Schanche's leadership, including the formation of Aker's engineering division, and Brownaker, a partnership with offshore contractors Brown and Root. "I think this can be called restructuring," Nilsen said. He denied that his union had asked for Mr. Schanche's removal.

Mr. Heiberg Simonsen, who came to Aker from a senior position with Bergen Bank, one of Norway's "big three" commercial banks, has a reputation in Norway as a man who is not afraid to put forward unorthodox views. Five years ago, when the Labour Government's proposals for "democratisation" of the banks were first being discussed, he shocked the country's banking establishment by saying that it would not necessarily be a bad thing to have publicly appointed representatives on bank Boards. As a result, he was removed from his position—honorary and unpaid—as chairman of the banks' information council. He kept his job as head of the Oslo branch of Bergen's Kreditbank, however, and when the bank later merged with Bergen's Privatbank to form Bergen Bank, he was made a director.

Mr. Heiberg Simonsen, has a relaxed and informal manner contrasts with the more reserved style of his predecessor. He is taking over a tough job. In common with most of Europe's ship and platform builders, Aker desperately needs new orders if it is to avoid major lay-offs among its 21,000 workforce. But few orders are being placed, and Norway's high cost levels are a heavy handicap.

Bank Leu announces rights issue

By John Wicks

ZURICH, Nov. 6.

ZURICH-BASED Bank Leu AG, the fifth largest bank in Switzerland, announces a rights issue to raise SwFr 33.75m ($21m). The issue, in the form of participation certificates, will be made to holders of existing shares and participation certificates in a ratio of 1:2 against shares and 1:10 against participation certificates.

The SwFr 100-nominal value certificates will be priced at SwFr 450 each. The issue will permit the bank to increase its balance sheet sum by up to about 10 per cent.

* * *

THE Swiss watch components undertaking Ebauches Electroniques SA of Marin has reached a joint-venture agreement with Stellux Manufacturing Company of Hong Kong for the assembly in the Crown colony of liquid crystal display modules for electronic watches. Using technology and elements supplied by Ebauches Electroniques, the modules will be assembled by the Stellux affiliate Modutek. The decision to co-operate with Hong Kong has become necessary in view of high Swiss production costs.

Sofina and Royale Belge in joint IPPA bid

BY OUR FINANCIAL STAFF

A MAJOR acquisition in the field of banking and mortgages is proposed by two prominent Belgian companies, Sofina and Royale Belge.

Having taken a 30 per cent shareholding in Compagnie Financiere IPPA, the holding company, Sofina, intends to combine with insurance group Royale Belge and bid for the outstanding capital at BFrs 13,500 a share.

IPPA's last published consolidated assets totalled about BFrs 50bn while net profits were around BFrs 150m.

After the deal, Royale Belge would become "an important minority shareholder" in the IPPA parent company, with Sofina holding a controlling interest.

Sofina ranks among the major Belgian holdings, with interest in companies active in the field of finance, energy, real estate, technology distribution and services.

Holdings are in Belgium, France, the U.S. and Canada. Societe Generale de Belgique Belgium's largest holding company, is the major single shareholder in Sofina, holding an equity interest of nearly 27 per cent.

Sperry to shut razor plant

PARIS, Nov. 6.

SPERRY Rand France intends to shut down its electric razor plant at Benfeld, in eastern France, early next year. The move is part of the reorganisation of its European activities

The decision will mean 230 workers at the plant will lose their jobs. The workforce has been reduced by 30 per cent in the last year, but the plant is still operating at less than 50 per cent of capacity.

Sperry Rand's decision reflects stiff European competition and the slow growth of European markets

AP-DJ

Unilever to sell U.S. advertising agency stake

By John Moore

INTERPUBLIC Group of Companies, the American advertising concern, is planning to buy the U.S. advertising agency, SSC and B Inc., including that company's 49 per cent stake in SSC and B Lintas.

Unilever, which holds the controlling 51 per cent stake in SSC and B Lintas, indicated yesterday that an agreement had been reached in principle with Interpublic for the sale of its stake to the group. Interpublic plans to buy out Unilever's stake for cash.

In its last financial year SSC and B (together with SSC and B Lintas) showed sales of over $700m while Interpublic declared sales of $1.5bn.

Preussag smelter deal

BY ADRIAN DICKS — BONN, Nov. 6.

PREUSSAG, the West German non-ferrous metals and engineering group, has entered a 50-50 joint venture with the Singerman group of Canada to build a C$20m (US$23m) lead smelter in Montreal.

The smelter, which will have a capacity of between 35,000 and 40,000 tonnes a year, is being designed to use recycled metal, primarily lead scrap from batteries. The plant is expected to begin producing lead by the end of next year.

The new smelter will further reinforce Preussag's position as a leading producer of lead, increasing its world-wide smelting capacity by some 25 per cent. Out of a current 160,000 tonnes capacity, some three-quarters produces primary lead.

The German group has been showing an interest in Canada for several years, and has long had a company in Toronto handling prospecting and exploration. Singerman is a major metal trader and scrap handler.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

مكتبة الأصل

FOREIGN INVESTMENT IN BRAZIL

Courting Europe and Japan

BY DIANA SMITH

THE SHARE and growth of U.S. investment and re-investment in Brazil has been dropping steadily while European and Japanese investment rises. This is the conclusion of a study published by the country's major daily newspaper, Jornal do Brasil.

In 1969, U.S. capital accounted for 47.48 per cent of all foreign capital invested and re-invested in Brazil. In 1976 this share dropped to 32.22 per cent, and in 1976 to 30.44 per cent. The U.S. is still the largest foreign investor in Brazil—with a 1977 balance of $3.4bn compared with $2.9bn in 1976, a 17.82 per cent increase. Since 1972 the increase has been averaging 18.78 per cent a year as against 20.77 per cent annually between 1970 and 1973.

It has been the deliberate policy of the Government of President Ernesto Geisel, which took office in 1974, to decrease dependence on the U.S. by diversifying and intensifying trade ties and encouraging investment from Europe and Japan. The success of this policy is reflected in the 37.15 per cent rise of West German investment and reinvestment in Brazil in 1977—bringing the balance to $1.5bn and making West Germany Brazil's second largest foreign investor. Much of this rise is due to the multi-billion dollar nuclear energy agreement signed between the two countries in 1975.

Nevertheless, the steady growth of concerns like Volkswagen and Siemens of Brazil has also contributed to this increase.

Japan ranks third among Brazil's foreign investors, with a balance of $1.2bn in 1977—19.62 per cent more than 1976. It is followed by Switzerland, with a 1977 balance marginally below Japan's and 22.63 per cent higher than 1976. Britain has moved from sixth to fifth place, with a 1977 balance of $546.6m, a 29.94 per cent increase over 1976, when investment and reinvestment balance totalled $420.7m.

In the case of Britain and France—now number seven on the list with a balance in 1977 of $429.73m (a 31.71 per cent increase over 1976's $326.3m balance)—much of the upsurge is the aftermath of President Geisel's official visit to these countries in 1975, when important agreements were signed. British concerns like Davy Ashmore and French concerns like Creusot-Loire have moved with speed into the heavy capital equipment sector, particularly for the steel and hydroelectric industries.

Together, the Benelux nations had a total investment and reinvestment balance of $739.4m in 1977 putting them in ninth, tenth and fourteenth place on the list, respectively.

In all, foreign investment and reinvestment in Brazil grew by 24.68 per cent in 1977—from a balance of $9bn at the end of 1976 to $11.2bn at the end of 1977.

President Geisel's Government is now coming to its close. On October 15, an electoral college is expected to elect his chosen successor, General Joao Baptista Figueiredo, as the new President, to take office next March.

On the future of foreign investment to Brazil, General Figueiredo said recently: "There is no reason to alter the rules of the game known and accepted by foreign nations. Meanwhile, problems in managing our foreign debt (likely to reach $40bn at the end of this year) make it more convenient for foreign money to be applied in the form of equity rather than loans to Brazilian subsidiaries."

MONEY BROKING

International drive in Tokyo

BY RICHARD C. HANSON IN TOKYO

TOKYO TANSHI COMPANY, the largest of 10 foreign exchange brokerage houses in Tokyo, will establish a new subsidiary in December apparently as a first step towards expanding its business overseas.

The significance of Tokyo Tanshi's move is that it coincides with major rethinking among international brokerage houses on how to penetrate the Tokyo foreign Exchange market. Following the start-up of Astley and Pierce's Tokyo brokerage business in October, it appears that M. W. Marshall and Tullett and Riley, also both London-based, which are exploring the Tokyo market, may enter joint venture or agency arrangements with local brokerage concerns rather than going it alone.

On December 1, Tokyo Tanshi is to split its present business in two, with Tokyo Tanshi itself handling all domestic call money and discount bills transactions. The new unit, to be named the Tokyo Forex Company (capitalised at Y80m, or about $440,000), will take on all foreign exchange activity. The Tokyo Tanshi management says that there are no plans to expand into Singapore, Hong Kong or London. But it is understood that the Japanese company has been studying such a move and that Tokyo Forex offers the vehicle.

There is no consensus yet on when the Tokyo foreign exchange market will begin to undertake international brokerage business. But the recent start of international brokerage in New York is expected to have some influence in hurrying the move. There is some talk of slowing the "internationalisation" of the yen to avoid a further loss of control by local monetary authorities. It seems inevitable, however, that foreign exchange activity in Tokyo will continue to expand, thus justifying preparations for internationalisation by the local brokers, as well as interest from the foreigners.

Tullett and Riley of London—a leading international broker—recently sent officials to Tokyo to pave the way for new business. They found considerable interest in the possibility of a joint venture.

Marshall, which has been authorised to set up a money broking subsidiary in Tokyo, has also had to do some hard thinking about its prospects here. The costs of running a Tokyo operation are high, considering the uncertainty of success.

On the Japanese side, there is concern that new foreign houses would employ too many of the few highly qualified brokers now working in Tokyo.

The idea of co-operating with an established Japanese broker would reduce the friction of a new entrant. As a first stage, there could be some exchange of personnel, to get acquainted and for training purposes. Tullett and Riley, rather than competing for the local brokerage business, aims at the trend towards internationalisation offering the Japanese a direct link to its already extensive world wide network.

There is at present some heated debate over what many foreign and Japanese bankers consider an over-abundance of brokerage houses in relation to market needs. Foreign brokers are keen to avoid the impression of cutting the pie even further.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE NEWS

Venezuela revives yen bond issue

BY RICHARD C. HANSON TOKYO, Nov. 6.

VENEZUELA and Japanese underwriters are engaged in last minute negotiations over terms aimed at reviving a yen denominated bond issue postponed just three weeks ago. These could result in the first Samurai bond issue in nearly three months, but already doubts over market capacity have emerged.

The Japanese side has apparently decided to offer Venezuela a yield of about 6.8 per cent per annum on a Y25bn, 10 year issue. When Venezuela originally postponed, it had wanted to float Y40bn for 12 years (the same time span as in two prior Yen issues), but securities houses were prepared to offer a yield of 7 per cent or a little above, according to industry sources. Nomura Securities, the lead underwriter, and other participants are aiming at a Wednesday signing date. So far, Venezuela has withheld a final reply.

The better offer by the Japanese underwriters reflects a recovery in bond market conditions for borrowers — perhaps a temporary one. Since mid-October, the secondary market yields on some foreign yen bonds have fallen by about 0.1 percentage point to 0.2 point, while municipal bond yields have dropped around 0.2-0.3 per cent.

Also scheduled for November is a Y40bn, five-year bond issue by the Norwegian Government, which will bring the total for the month to the latest Finance Ministry monthly guideline of Y65bn per month, applying to this month and to December. If the market yields remain stable or improve, the Finnish Government may be able to float its planned Y25bn, ten-year bond in December—an issue withdrawn only days before Venezuela postponed last month. The present schedule calls for a Y50bn Australian issue and a Y15bn Philippine issue, which already fills the Y65bn monthly quota, however.

The bond market recovery in the past three weeks is due mostly to seasonal and other special factors. This has led to the belief in some securities and banking circles that even if Venezuela manages better terms this time, they will be pushing the market to its limits—perhaps leading to problems in placing the bonds.

Underlying the pessimistic view of the market remains the heavy backlog of National Government bonds due to be floated this month and next. For November, the Government plans to issue Y1,650bn or more than twice the Y700bn issued in October. The Government is believed to have cut the October issue total intentionally, so as to allow some recovery in the bond market.

Other circumstances behind the current drop in yields and subsequent revival of Samurai bond interest include a drop in the amount of National Bonds allotted to the securities houses themselves in October to Y70bn, from an original Y120bn, or to some 10 per cent of the total, and a scarcity of short-term maturity bonds since mid-October which has prompted some change in investor policy to longer-term securities.

Mexico loan

A Y20bn 10-year loan has been made to the Mexican Government, by Mitsubishi Bank and a group of 10 foreign bank branches in Japan, Reuter reports from Tokyo. Interest is 1.25 per cent over the Japanese three-month bill discounting rate.

This is the first time interest on a yen syndicated loan to an overseas borrower has been based on the bill discounting rate, which currently stands at 4.875 per cent, Mitsubishi said.

Downturn for JAL despite higher sales

TOKYO, Nov. 6

AFTER EARLIER substantial increases, Japan Air Lines' after-tax profit dropped to Y7.29bn (US$38.78m) for the half year to September 30, compared with Y7.94bn for the corresponding period. Sales for the first half improved to Y240.62bn ($1.28bn) from Y223.9bn.

JAL announced last month that it was spending Y100bn on tend wide-bodied jets. The order consisted of five DC-10s, four Boeing 747 passenger jets and one Boeing 747 freighter.

The first half year for Nippon Shinpan, the major Japanese consumer credit concern, saw an improved after-tax profit of Y1.38bn ($7.34m.) compared with Y1.07bn. Sales were Y209.06bn ($1.11bn) up from Y165.7bn for the corresponding period in 1977. The interim dividend of Y3 remains the same.

The Kao Soap company had increased after-tax profits of Y1.63bn (U.S.$8.67m) compared with Y1.43bn for the corresponding period. Sales also improved with a reported first half total of Y104.51bn (U.S.$555.9m) compared with Y91.05bn, and the company's dividend remained the same at Y3.75.

The Citizen Watch company experienced a very strong first half improvement with after-tax profits of Y2.07bn (U.S.$11m) compared with Y1.37bn. Sales for the period increased to Y40.91bn (U.S.$217.6m) from Y33.79bn, whereas the company dividend improved to Y3.75 from Y3.

Reuter

IHI in the red on operations

BY OUR OWN CORRESPONDENT TOKYO, Nov. 6.

ISHIKAWAJIMA-HARIMA Heavy Industries (IHI) has reported a sharp plunge in net profits and sales for the half-year to September 30 and continued erosion of its ship and plant order backlogs, at the same time as announcing its first-ever operating loss.

IHI, Japan's second largest heavy machinery maker, said net profit for the first-half fell 75 per cent to Y1.62bn ($8.6m) while revenues slipped 5.6 per cent to Y316.97bn ($1.7bn).

On an operating, or pre-tax, basis IHI suffered a loss of Y1 87bn—compared with a Y23.81bn profit a year earlier. The mid-term dividend has been dropped and prospects for an annual dividend are cloudy.

The greatest damage came in the company's once powerful shipbuilding division, where sales dropped to Y52.6bn from Y132.3bn. Land equipment and plant sales were up, however, nearly 30 per cent to Y264.33bn. Export sales of ships dipped 64.2 per cent, and accounted for 86 per cent of all ship sales, compared with 96 per cent last year. Plant and land equipment exports took 55 per cent of all such sales, down from 57 per cent.

The order backlog for ships and ship repairs narrowed to Y274.3bn as of the end of September, from Y346.9bn a year ago. The backlog for plants and land equipment fell to Y1bn from Y1.06bn, as domestic capital spending remained sluggish and the appreciation of the Yen cut into overseas business. IHI's plant business in the Middle East has remained one of the only positive factors in the present outlook.

In the past half-year, IHI returned a net profit only by dipping into deferred profit on instalment sales to a total of Y3.82bn. Last year it had stacked away about Y10.95bn from this source for future use.

The company forecasts that sales in the year ending next March will be up slightly, to Y770bn from Y763.5bn last year, but declined to estimate profit performance.

The company is now studying ways of cutting personnel and costs, and other rationalisation steps, in what has been dubbed a drastic realignment of its management.

Advance for Casio and Sharp

BY YOKO SHIBATA TOKYO, Nov. 6.

TWO OF Japan's typically export-oriented companies, Casio Computer and Sharp, showed strong earnings performance in the first half-year to September, in spite of the rise in the yen in the exchanges.

Casio's current profits jumped by 77 per cent to Y2.87bn ($15.2m) and net profits by 67 per cent to Y1.36bn, on sales of Y30.26bn ($2.08m) up 35 per cent over a year ago. In addition to the company's main line, electronic calculators, which fared well, new products such as digital watches provided an impetus to the earning rise. The company absorbed the impact of the rapid yen appreciation by introducing new products with higher prices and further cost-cutting measures. Casio's exports accounted for 54 per cent of the sales which, however, were saved from large exchange losses as a result of the expansion of the yen-based exports (from 50 per cent to 70 per cent).

Casio estimates its sales for the full year at Y80bn (up 26 per cent), current profits at Y5.8bn (up 49 per cent) and net profits at Y2.8bn (up 55 per cent).

Sharp met the higher yen by increasing sales of electronic calculators and semi-conductors. The company's sales gained 11 per cent to Y170.07bn ($890m) as a result of domestic sales rising by 16.2 per cent. Sharp's share of exports declined by 2.2 per cent to 52.9 per cent of the total turnover. Dwindling sales of colour television sets (down 18 per cent) were more or less offset by strong sales of electronic calculators and semi-conductors (up 29 per cent), and high added-value home electric products (up 19 per cent).

The company's average exchange rate during the period was Y218 to the U.S. dollar, showing a yen appreciation of Y60 from the previous year's level. Sharp absorbed an exchange loss of Y14.3bn by price increases and cost-cutting steps. However, export profitability has declined.

Sharp's current profits gained 20.4 per cent to Y8.13bn ($43m) and net profits 10.3 per cent to Y4.00bn.

For the current fiscal year, ending in March, the company expects sales to be Y33.8bn, up 12.4 per cent, and current profits Y15bn, up 17 per cent, on the assumption that the exchange rate will remain around Y190-195.

Malaysian equity distributed by Shell

By Wong Sulong

KUALA LUMPUR, Nov. 6.

A JOINT VENTURE company, Tiram Kimia, has been formed to take over the distribution of Shell chemicals and consumer products, previously undertaken by Shell companies in Malaysia.

Tiram Kimia was incorporated with a capital of 10m ringgit, initially subscribed by Shell Overseas Holdings, a subsidiary of Royal Dutch Shell.

However, in order to conform with Malaysian Government policy, 51 per cent of the equity of Tiram Kimia is now held by Malays and Malaysian interests, and another 21 per cent has been bought by Timuran Holdings.

Timuran said it paid some 3.04m ringgit (U.S.$1.4m) in cash for its shares. Tiram Kimia is expected to make a pre-tax profit of 5m ringgit for 1979.

Pan Malaysia in cement kiln expansion

By Our Own Correspondent

KUALA LUMPUR, Nov. 6.

THE LEADING Malaysian cement manufacturer, Associated Pan Malaysia Cement, is embarking on a major expansion plan with the construction of a 130m ringgit (U.S.$60m) kiln which would boost production by 1.2m tonnes.

APMC has signed a syndicated loan of 100m ringgit to meet part of the cost. The remaining 35m will come from the company's reserves.

The loan, managed by the Hongkong and Shanghai Banking Corporation, is repayable over 11 years, and carries the interest rates that were described as "reasonably fine."

The new kiln, which would be built near APMC's existing plant at Rawang, 20 miles north of Kuala Lumpur, will be ready by 1980.

By then, APMC is expected to produce 2m tonnes of cement annually, representing 55 per cent of Malaysia's cement output. Part of the production is expected to be exported.

Construction of the kiln would be undertaken by Ishikawajima-Harima Heavy Industries (IHI), of Japan, and would incorporate "the best and latest in British and Japanese cement technology."

APMC's chairman, Mr. S. F. Wiley, said demand for cement in Malaysia was expected to increase by 10 per cent annually, as a result of strong demand from the construction sector.

Hongkong Land in Macao hotel plan

BY RON RICHARDSON HONG KONG, Nov. 6.

HONGKONG LAND Company is investigating plans to develop a first-class hotel and casino in the Portuguese Colony of Macao.

Although no details of the project have been released, Hongkong Land is known to be negotiating with Sociedade de Turismo y Diversoes de Macau (STDM), which operates casinos in the Portuguese enclave under Government franchise.

It is proposed that the property company build and operate a top-class hotel of about 500-room capacity while the adjoining casino would be run by STDM.

If the development goes ahead it would be the first by Hongkong Land in Macao, which is 40 miles from Hong Kong by sea.

However, the property company already has considerable expertise in the hotel industry, owning the luxury-class Mandarin Hotel in Hong Kong, through its City Hotels subsidiary, as well as holding large stakes in hotels in Bangkok, Jakarta and Manila.

Hongkong Land recently bought the outside shareholdings in City Hotels in what observers interpreted as the first step in a programme of expanding its hotel operations.

Textile takeover set up

BY ANTHONY ROWLEY HONG KONG, Nov. 6.

SHAREHOLDERS of the Textile Corporation of Hong Kong (a member of the Hutchison Whampoa group) have approved a scheme of arrangement which will result in Mr. Eric Liang-Chun Chen becoming the owner of the company.

Mr. Chen is also managing director of Textile Corporation. He will pay to shareholders subject to the scheme the sum of HK$9 in cash for each share in Textile Corporation. Trading in the shares of the company will cease on the four stock exchanges here at the close of business on November 15.

The Textile Corporation reported a pre-tax profit of HK$8.14m (US$1.7m) in 1977, although extraordinary debits reduced the attributable profit to HK$1.5m. The company's principal product is denim, for which market demand was said to be "weak" in 1977. In the first half of the current year, the company made a loss of HK$3.5m and warned that it was unlikely to return to profit this year.

Bid for Woolworths NZ

BY DAI HAYWARD WELLINGTON, Nov. 6.

AN OFFER by the New Zealand wholesale merchants and grocers, Nathan to buy out Woolworths NZ is thought likely to be accepted by Woolworths Australia, which owns 40 per cent of the New Zealand operation. The offer puts a value of NZ$4.6m (U.S.$4.9m) on Woolworth's New Zealand operations The cash plus share offer is three Nathan shares for seven Woolworths shares plus 31 cents cash per share. This put a value of one NZ$1.15bn on each 50 cent Woolworths share: these traded last Friday at 80c, and had risen sharply as rumours of the proposed bid circulated.

There are 11m shares involved in the deal. Woolworths Australia owns 4.4m shares in the New Zealand company.

It is understood that Woolworths Australia is anxious to sell, and that it believes it can find better use in Australia for the capital now tied up in New Zealand. In recent years, the investment has not been highly profitable, but this year Woolworths NZ recorded a substantial jump in its profits. On October 20, Woolworths NZ announced a net profit increase of 59 per cent to NZ$1.98m.

UOB raises takeover offer

SINGAPORE, Nov. 6.

UNITED OVERSEAS Bank (UOB) has raised its offer for Singapore Finance to one UOB share for one Singapore Finance share, or a cash alternative of S$3.40 a share. It previously offered three UOB shares for every four Singapore Finance, or a S$2.70 cash alternative.

UOB's increased offer follows a bid by Hong Leong Finance for Singapore Finance, at one Hong Leong share plus S$10.40 cash for every four Singapore Finance. Hong Leong originally bid S$2.60 per share in cash for Singapore Finance on October 3.

In its initial announcements in August, Hong Leong said that it had acquired a 34.17 per cent stake in Singapore Finance, while UOB said it had 33.69 per cent.

Reuter

Ovenstone halves interim dividend

By Richard Rolfe

JOHANNESBURG, Nov. 6.

THE CAPE-BASED fishing and property group, Ovenstone Investments, whose activities include pelagic fishing both in South African and Namibian (South West African) waters, has reported a downturn in profits for the six months to August 31 and has halved its interim dividend. But the board, noting that an increasing proportion of income now accrues during the second half of the financial year, has decided to pay a greater proportion of the dividend in the second-half. Thus despite the cut in the interim payment from 3 cents to 1.5 cents, a lesser reduction in last year's 6 cents total seems possible.

Group turnover was down from R21m to R18m (U.S.$20.7m) for the half-year and pre-tax profit from R2.3m to R1.6m. Adjusting for taxation, preference share dividends and the interest of outside shareholders, net attributable profit was down from R1.4m to R0.9m (U.S.$1m), reducing earnings per share from 10 cents to 6.8 cents.

The board does not predict profits for the full year, but says that a reduced contribution from its international investments based on its factory ship, is expected, while domestic fishing results should be in line with last year's.

Huletts margins under pressure

By Our Own Correspondent

JOHANNESBURG, Nov. 6.

PROFIT MARGINS remain under pressure at Huletts Aluminium, the fabricator of aluminium sheet and extruded products which was formerly controlled by Alcan and is now a subsidiary of Huletts Corporation, the diversified sugar group. Its turnover rose from R38m to R45m ($5.2m) for the six months to end September, and consolidated pre-tax income was up from R2.6m to R2.8m ($3.2m) leaving profit margins down a full point, at 6.2 per cent.

With the tax charge up from R0.2m to R0.9m, net earnings have declined from R2.4m to R1.8m, for a per share figure down from 31.7c to 24.4c. The interim dividend has been maintained at 7c and there is no specific comment on the final which last year was 18c. The board says, however, that trading conditions are uncertain, although it is believed that results for the full year will approximate to those of the previous year. On a 25c dividend total, the shares at 365c yield 6.8 per cent.

مكاتبات الأصل

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 6, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

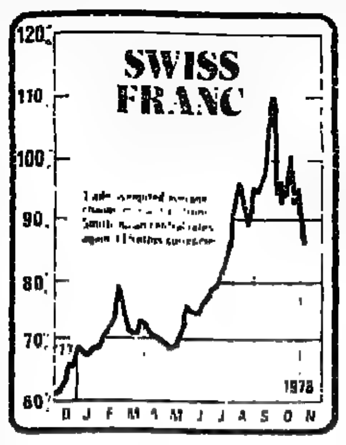
Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00	Ecuador ... Sucre	(O) 49.12 (F) 52.77	Liechtenstein ... Swiss Franc	3.2625	Roumania ... Leu	[illegible]
Albania ... Lek	10.008	Egypt ... Egyptian £	(O) 0.7600 (T) 1.3800	Luxembourg ... Lux Franc	58.08	Rwanda ... Rwanda Franc	187.95
Algeria ... Dinar	7.579	Ethiopia ... Ethiopian Birr	(P) 4.027	Macao ... Pataca	10.018	St. Christopher (S) ... E. Caribbean $	5.5428
Andorra ... French Franc / Spanish Peseta	8.54 / 140.775	Eq'l Guinea Peseta	140.775	Madeira ... Portug'se Escudo	91.15	St. Helena ... St. Helena £	1.0
Angola ... Kwanza	n.a.	[illegible]	[illegible]	Malagasy Rp. ... MG Franc	427	[illegible]	[illegible]

[illegible]

Currency, Money and Gold Markets

Dollar firms in quieter trading

Conditions in yesterday's foreign exchange market were somewhat more subdued than last week, with most activity taking place in very early dealings. The dollar opened sharply firmer against most currencies but tended to drift during the day despite further support from various central banks. Nevertheless, it still managed to show a gain from Friday's closing levels and on Morgan Guaranty figures at noon in New York, the dollar's trade-weighted average depreciation narrowed to 9.6 per cent from 9.9 per cent previously.



The Swiss franc was quoted at SwFr 1.6000 early on, but improved to touch SwFr 1.6350 before closing at SwFr 1.6505 compared with SwFr 1.6200 on Friday. Similarly the West German mark touched DM 1.9180 before coming back to DM 1.8980 and closing at DM 1.9045, against DM 1.8905. The lower level of activity came ahead of today's public holiday in U.S. centres.

Sterling opened at $1.9650 before early strength of the dollar pushed it down to $1.9610. However, it soon bounced back to $1.9630 and reached $1.9725 by lunch. Continued dollar weakness in the afternoon pushed the pound up to $1.9810 before closing at $1.9765-1.9775, a fall of 60 points. Sterling appeared to have stood up well against other currencies, and after an opening calculation of 62.5 on its trade-weighted index, it improved to 62.7 at noon and closed at 62.8, just 0.1 below Friday's close of 62.9. Against the D-mark sterling rose to DM3.7675 from DM3.7475 and SwFr 3.2625 compared with SwFr 3.21 in terms of the Swiss franc.

FRANKFURT—The dollar was fixed at DM 1.9045 against DM 1.8890 on Friday in generally quiet trading. Following last week's measures to support the dollar, there did not appear to be any particular trend with some underlying uncertainty still present in market dealings. The dollar was helped by some intervention by the authorities at the fixing, which totalled $57m.

Against 22 other currencies the Bundesbank trade-weighted mark revaluation index eased to 151.9 from 152.1, up 3.2 per cent from the beginning of the year. In later trading the dollar was quoted at DM 1.9027 with quiet morning conditions carrying through the afternoon.

MILAN—At the fixing the dollar was quoted at L842.7 against L833.8 on Friday and L788.05 a week ago. Other major currencies were weaker against the lira with the D-mark at L441 from L442.8 and the Swiss franc easing to L511 against L518.57 previously.

AMSTERDAM—The dollar was fixed at Fl 2.0590 compared with Fl 2.0395 on Friday as the dollar showed an initially firmer trend against more European currencies.

ZURICH—Initial trading saw the dollar sharply higher before trading became steadier, with the U.S. currency maintaining its improved levels. There was no central bank intervention during the early part of trading with the Swiss franc quoted at SwFr 1.6485 and the D-mark at DM 1.9085.

TOKYO—After a sharp upward adjustment following Friday's national holiday, the dollar held steady against the yen to close at Y189.875 against Y186.025 on Thursday and Y189.45 in New York on Friday. A good two-way business saw the U.S. unit trade in the range of Y188.40-189.60, and there was not intervention by the Central Bank. Dollar sentiment appears to have improved somewhat with increased demand for longer positions after last week's dollar support package. Trading in the spot market totalled $526m, forward business accounted for $160m, while swap trading amounted to $893m.

THE POUND SPOT / FORWARD AGAINST £

Nov. 6	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9610-1.9810	1.9765-1.9775	0.27-0.17c pm	1.54	1.07-0.97c pm	2.06
Canadian $	10¾	2.2860-2.3105	2.3060-2.3070	0.45-0.35c pm	2.35	1.70-1.50c pm	3.14
Guilder	6½	4.04-4.08	4.06½-4.07½	[illegible] c pm	5.69	5-4 c pm	4.79
Belgian F	6	59.70-59.10	58.95-59.05	15-5c pm	2.05	50-35c pm	2.88
Danish K	8	10.35-10.41	10.39-10.40	2-4 ore dis	−4.04	6-8 ore dis	−2.69
D-Mark	3	3.74½-3.77½	3.76½-3.77½	3¾-2¾ pf pm	8.56	[illegible] pf pm	9.42
Port. Esc.	18	90.70-91.50	90.90-91.40	70-170c dis	−15.60	200-650c dis	−12.87
Span. Pes.	8	140.45-140.90	140.70-140.95	180-280c dis	−19.61	560-650c dis	−17.05
Lira	10½	1,654-1,665	1,663½-1,664½	4-7 lire dis	−3.97	9-12 lire dis	−2.52
Norwgn. K.	7	9.96-10.00	9.98½-9.99½	2-2¾ ore dis	−2.10	3¾-5¾ ore dis	−1.90
French Fr.	9½	8.51-8.55½	8.53½-8.54½	3-2c pm	3.51	8½-7½c pm	3.75
Swedish Kr	6½	8.56½-8.61	8.59-8.60	2¾-1¾ ore pm	3.14	7¾-6¾ ore pm	3.14
Yen	3½	370-380	376-378	3.75-3.40y pm	11.06	10.7-10.3y pm	11.19
Austria Sch.	4½	27.40-27.56	27.50-27.55	12-2 gro pm	3.05	26-18 gro pm	3.34
Swiss Fr.	1	3.22½-3.27½	3.25½-3.26½	3¾-2¾c pm	11.50	11-10c pm	12.87

Belgian rate is for convertible francs. Financial franc 61.15-61.25.

Six-month forward dollar 1.90-1.50c pm. 12-month 3.45-3.15c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

November 6	Day's spread	Close	One month	p.a. %	Three months	p.a. %
Canadian $*	85.17-85.78	85.59-85.63	0.32c dis-0.02c pm	—	0.11-0.16c pm	0.52
Guilder	2.0560-2.0640	2.0560-2.0583	0.48-0.43c pm	2.27	1.52-1.44c pm	[illegible]
Belgian Fr	29.52-29.95	29.82-29.85	3-1c pm	0.81	12-8c pm	1.33
Danish Kr	5.2550-5.2830	5.2550-5.2600	1.75-2.25c dis	−4.55	5.90-6.40c dis	−4.56
D-Mark	1.9005-1.9140	1.9085-1.9023	1.20-1.15pf pm	7.15	3.65-3.60pf pm	7.40
Port Esc	46.04-46.59	46.08-46.25	55-180c dis	−27.96	130-500c dis	−27.31
Lira	841.50-843.50	841.50-842.00	3.25-4.00lire dis	−4.98	9.50-11.80lire dis	−4.64
Nrwgn Kr	5.0500-5.0710	5.0500-5.0525	1.79-1.60ore dis	−3.43	5.40-5.30ore dis	−4.32
French Fr	4.3220-4.3425	4.3220-4.3250	1.10-0.93c pm	2.35	2.10-1.85c ore dis	1.65
Swedish Kr	4.3500-4.3650	4.3500-4.3525	0.95-0.75 ore pm	2.34	1.50-1.30ore pm	1.26
Yen	190.00-193.25	190.10-190.25	1.65-1.50y pm	10.26	4.45-4.30y pm	9.01
Austria Sch	13.9400-14.0150	13.9400-13.9550	5.50-4.50 gro pm	4.30	13.50-11.80gro pm	3.52
Swiss Fr	[illegible]	[illegible]	1.47-1.42c pm	10.66	4.51-4.56c pm	10.60

* U.S. cents per Canadian $.

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER MARKETS

[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 6	Pound sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound sterling	1.	1.977	3.768	377.0	8.540	3.263	4.068	1664	2.307	59.00
U.S. Dollar	0.506	1.	1.906	190.7	4.320	1.660	2.057	841.6	1.167	29.84
Deutsche Mark	0.265	0.525	1.	100.1	2.267	0.866	1.080	441.6	0.612	15.66
Japanese Yen 1,000	2.653	5.244	9.993	1000.	22.65	8.654	10.79	4413.	6.112	156.5
French Franc 10	1.171	2.315	4.412	441.5	10.	3.820	4.763	1948.	2.701	69.09
Swiss Franc	0.307	0.606	1.156	115.6	2.618	1	1.247	510.0	0.707	18.08
Dutch Guilder	0.246	0.486	0.926	92.69	2.100	0.802	1.	409.0	0.567	14.51
Italian Lira 1,000	0.601	1.188	2.264	226.6	5.133	1.961	2.445	1000.	1.386	35.46
Canadian Dollar	0.434	0.857	1.633	163.5	3.703	1.414	1.763	721.3	1.	25.58
Belgian Franc 100	1.695	3.351	6.386	639.0	14.47	5.530	6.894	2820.	3.909	100

EURO-CURRENCY INTEREST RATES*

[illegible]

*Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Canadian bank rate 10¾%

Canada has raised its bank rate to 10¾ per cent from 10¼ per cent. This was generally expected following the increase of the U.S. discount rate last Wednesday. Canadian commercial banks, including the Royal Bank of Canada and the Bank of Montreal, raised their prime lending rate to 11½ per cent from 11 per cent, while lifting the interest paid to depositors on nonchecking savings accounts by ½ per cent to 9¾ per cent from November 1.

NEW YORK—Trading was quiet ahead of the election day holiday in the U.S. Federal funds were steady at around 9⅞ per cent, while Treasury bill rates showed little change at 8.82 per cent for 13-week bills, 9.43 per cent for 26-week bills; and 9.30 per cent for one-year bills.

BRUSSELS—Renewed inflows of capital into Belgium, and the strength of the Belgian franc on the foreign exchange market, have resulted in a lowering of interest rates on very short-term Treasury certificates. Rates on one-month, two-month and three-month Treasury bonds have been lowered by 0.25, with one-month and two-month cut to 10 per cent, and three-month to 9¾ per cent. On October 30 the rates were increased by 0.50 per cent.

AMSTERDAM — Interbank money market rates were generally easier, with call money at 8½-8¾ per cent, against 8¾-9 per cent on Friday, one-month at 8½-8¾ compared with 8¾-9¼ per cent; three-month at 8½-8¾ per cent, compared with 9-9¼ per cent and six-month 8½-8¾ per cent against 8¾-8¾ per cent.

FRANKFURT—Interbank rates showed small mixed changes, with call money rising to 3.20-3.30 per cent from 3.15-3.25 per cent, while one-month was unchanged at 3.40-3.50 per cent. Three-month funds were quoted at 3.80-4.00 per cent, compared with 3.85-3.95 per cent on Friday, and six-month rose to 4.00-4.20 per cent from 3.95-4.05 per cent. 12-month funds were unchanged at 4.10-4.20 per cent.

PARIS—Money market rates were generally firmer, with day-to-day at 7¼ per cent, compared with 7 per cent previously, and one-month at 7-7¼ per cent, compared with 6⅞-7⅛ per cent. Three-month funds were unchanged at 7⅛-7⅜ per cent, six-month rose to 7⅜-7⅝ per cent from 7⅛-7⅜ per cent, and 12-month to 8⅛-8⅜ per cent from 8-8⅛ per cent.

GOLD

Weaker tendency

Gold continued to lose ground in the London bullion market yesterday and closed at $210¾-211¼, a fall of $4½ an ounce. The metal opened at $209-210 in fairly active, nervous trading and eased to a morning fixing of $208.25. It picked up a little after the opening of U.S. centres to an afternoon fixing of $210 and trading during the latter part of the day developed a much steadier tone. During the earlier part of the day, the metal was seen as low as $206¾-207.

	Nov. 6	Nov. 3
Gold Bullion (a fine ounce)		
Close	$210¾-211¼	$215-215½
Opening	$209-210	$219-220
Morning fixing	$208.25 (£105.325)	$219.55 (£110.550)
Afternoon fixing	$210.00 (£106.114)	$215.40 (£108.797)
Gold Coins domestically		
Krugerrand	$215½-218½ (£109-110½)	$221-223 (£111½-112½)
New Sovereigns	$59-61 (£30-31)	$60-62 (£30½-31½)
Old Sovereigns	$59-61 (£30-31)	$60-62 (£30½-31½)
Gold Coins internationally		
Krugerrand	$214-217 (£108-110)	$221½-223½ (£111½-112½)
New Sovereigns	$58-60 (£29-30½)	$60-62 (£30½-31½)
Old Sovereigns	$59-61 (£30-31)	$60-62 (£30½-31½)
$20 Eagles	$285-295	$295-305
$10 Eagles	$150-156	$155-160
$5 Eagles	$97-103	$100-105

UK MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day money was in adequate supply in the London money market yesterday, and the authorities did not intervene. Early expectations pointed towards a small surplus of funds, but the day finished up flat, although conditions were slightly patchy towards the close.

Discount houses offered 8-8½ per cent for secured call loans at the start, but probably paid around 9½-9¾ per cent for most of the morning. Closing balances were taken at 9½-10 per cent.

In the interbank market overnight loans opened at 9¾-9⅞ per cent, and eased to 9-9½ per cent, before trading at 9½-9¾ per cent for most of the day. Closing conditions were tight however, with money commanding 11½-12 per cent at the finish.

Banks brought forward very slightly run down balances from Friday, and the market was also faced with a small rise in the note circulation. Disbursements and revenue payments were roughly flat, and a small excess of maturing Treasury bills was the only helpful factor.

Rates in the table below are nominal in some case.

LONDON MONEY RATES

[illegible]

MONEY RATES

NEW YORK

Prime Rate	10.75
Fed Funds	9.9375
Treasury Bills (13-week)	8.82
Treasury Bills (26-week)	9.43

GERMANY

[illegible]

FRANCE

[illegible]

JAPAN

[illegible]

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

How can a merchant bank help a private company?

Do you need to increase your overdraft or should you look for an increase in capital? How are you planning for the future? GRESHAM TRUST can help. Solving problems like this is our business.

We are a long established merchant bank who specialise in financing private companies. That's why we'll always listen – whatever your requirements. So don't be afraid to write or ring one of our Directors.

Why don't you do so today?

Gresham Trust

Where the successful private company feels at home.

Gresham Trust Ltd, Barrington House, Gresham Street, London EC2V 7HE Tel. 01-606 6474

Birmingham Office: Edmund House, Newhall Street, Birmingham B3 3EW Tel. 021-236 1277

SHREWSBURY

MODERN PUBLIC ABATTOIR COMPLEX

with E.E.C. Export Licence

Slaughter hall. Sales hall. Extensive lairage. Cold Stores and chillers. Offices and canteen. Plant rooms and caretakers/managers house.

Total Site Area about 10 acres

99 year leasehold for sale

at peppercorn ground rent (04031/ACE)

Joint Sole Agents

Hall Wateridge & Owen

The Square, Shrewsbury SY1 1NR Tel: 57074

Knight Frank & Rutley

20 Hanover Square London W1R 0AH Telephone 01-629 8171

GENEVA

Full Service is our Business

- Law and Taxation.
- Mailbox, telephone and telex services.
- Translations and secretarial services.
- Formation, domiciliation, and administration of Swiss and foreign companies.

Full confidence and discretion

BUSINESS ADVISORY SERVICE

3 rue Pierre-Fatio, 1204 Geneva

Tel: 36 05 40. Telex 23342

DUTCH COMPANY

A long-established currently engaged in wholesaling horticultural products to stores and retail outlets throughout Holland would be interested to hear from companies requiring representation in that country.

While horticultural products are obviously ideal, the Dutch company would also consider carrying consumer durable goods.

Extensive warehousing and transport facilities are available, together of course with telex and full administrative back-up, at the company's premises just outside Amsterdam.

Enquiries from principals only please to Box G.2798, Financial Times, 10, Cannon Street, EC4P 4BY

Are you interested in the Finnish market?

Finland, one of the ... is emerging from the economic recession ... One of Finland's most vigorously ... yhtymä Oy. The ... Group ... companies belong ... are engaged in the tobacco industry ... and sports goods ... The group also encompasses the ship chandlers ... biggest garden ... and the mail-order company ... Amer Group's projected sales for 1978 are $70m.

GOLDEN LEAF now seeking new distributors

Golden Leaf ... Amer Group, holds the Finnish distributorships for ... appliances, Calor washing machines, Mars confectionery, ... cigarette papers and hand rolling machines, Ronson lighters and ... watches.

As our operations expand ..., we are now seeking new distributors in the current consumer goods and consumer durables sectors. We wish to work on a sole-distributor basis.

Credit data can be obtained from our bankers, Kansallis-Osake-Pankki. The telephone number of our Head Office is Helsinki 631. Please send your enquiries and written offers to the address mentioned below.

AMER-YHTYMÄ OY

GOLDEN LEAF

Mannerheimintie 40, 00100 Helsinki 10, Finland. Tel: 440 782 (I.S.D. code—3580). Telex: 12-1360

MANUFACTURING CAPACITY

Engineering company has immediate manufacturing capacity for presswork, light sheet metal work, mechanical assemblies and semi-skilled machining.

Please contact J. V. L. Jones, Herman Engineering Products, Lymington, Hants. Tel: 059 069 2266.

COSTA RICA

Central America

Main Assets: Political Stability and Economic Growth

Investment opportunities in Commerce: Industry, Agroindustry and Real Estate. Investigate possibilities by joining first VIP trip, departing London 13th January, 1979.

For more details contact:

Mr. Ekhart Peter, President, TECHNO, S.A., European Representative Office, 188 Brompton Road, London SW3 1HQ. Tel: 584 3263. Telex: 28688.

FRENCH COMPANY

Specialising in preparation and sale of chemical processes for the treatment of surfaces: scouring—scraping — passivation — protection — etc. All metals and alloys. 30 years' experience, well known (nuclear energy, etc.). 3,000 client records. Well-established sales impact on French market seeks:

PARTNER

with a view to developing its scope by financial means and expansion or diversification of its product.

Write to:

AGENCE COMBIN

Ref/1216 — 98, rue de la Victoire

75009 PARIS — FRANCE

Do you have a

Development Land Tax Problem?

We can help!

Reply in confidence to:

Master Investments Limited

P.O. Box No. 334

Jersey

SHORTFALL SOLUTION

For private companies with high liquidity and risk of forced distributions at high tax rates. Fully approved and totally secure method. No risk. Just write your name on company letterheading and post to us today for details. The facility is limited. (We regret no telephone enquiries can be accepted.)

Managing Director

Ackrill, Carr & Partners Limited

Tricorn House, Hagley Road, Birmingham B16 8TP

MILLIONAIRE

will back

1. Managing Directors who would like to buy control of their companies.
2. Companies wishing to expand.

Profits must be at least £100,000 pre-tax and in the London area.

Write Box G.2812, Financial Times, 10, Cannon Street, EC4P 4BY.

WANT TO MANUFACTURE IN NORTHERN FRANCE?

HEAVILY SUBSIDISED OPPORTUNITY — IN STRATEGIC AREA WITH GOOD LABOUR CATCHMENT

Write Box G.2872, Financial Times, 10, Cannon Street, EC4P 4BY

PROBLEMS IN FRANCE?

Declining profitability?

Pre- or Post-acquisition difficulties?

Stagnant Sales? Inadequate distribution?

Ineffective reporting systems? Weak Management?

As a Franco-British multi-disciplined consultancy we assist companies of all sizes trading in France who have the above and other problems with maximum discretion and cost-effectiveness.

EUROPEAN CONSULTANTS S.A.R.L.

13 Avenue Victor Hugo 75116 Paris · Tel: 502 1800 · Telex: 620991 F

40 Queen Victoria Street, London EC4N 4SA · Tel: 01-248 9530 · Telex: 883065

UNIQUE OPPORTUNITY FOR A LADY OR GENTLEMAN OF SUBSTANCE

to obtain executive directorship in well established company engaged actively in leisure industry.

Recent expansion opportunity requires new investment capital of £200,000. Fully secured. Profit sharing and emoluments by arrangement. Please write with curriculum vitae in first instance to The Secretary, Box G.2873, Financial Times, 10, Cannon Street, EC4P 4BY.

We've formed more companies than any other company

So next time you need one, phone Patricia Parry on 01-253 3030

Jordans

the best of companies

JORDAN HOUSE, BRUNSWICK PLACE, LONDON N1 6EE

IDEAL COMPANY FLAT MAYFAIR / ST. JAMES'S

2 spacious flats, just available in magnificent building. Both with double reception/dining rooms, 2 bathrooms, kit.; 1 with 3 bedrooms, 1 with 2. Crown lease until 2004. Very low outgoings. Excellent value at £57,000 and £55,000. *Phone Agents:*

JAMES & JACOBS 01-930 0261

BUSINESS OPPORTUNITY

A Nigerian import-export company seeks urgently British confirming houses for representation in Nigeria. Interested British confirmers should write to:

The Advertiser, 15 Afor Street, P.O. Box 1084, Onitsha, Nigeria

STOCKBROKERS

The opportunity arises for a select group of Members to join a small but highly profitable firm and, if required, to take a substantial equity stake therein.

Commission income of about £300,000 p.a. would flow almost entirely to profits resulting in the return of at least 70% thereof with potential corporate tax advantages.

The Group would control its own luncheon and Board Room facilities which are ideal for Institutional clients—so are efficient modern computerised aids to settlement and administration.

Write Box G.2864, Financial Times, 10, Cannon Street, EC4P 4BY

Your French Connection

Want to step-up your business in France?

English businessman, French National, qualified engineer, with highest references and wide connections. 20 + years' practical top-level experience—sales/marketing/management/admin./with French industries and government. Member British Chamber of Commerce in Paris.

Offers highly personal and individual service to British firms. Independent, unbiased, confidential.

Can obtain information, supervise, problem-solve, fix contracts, etc. Action not words! Further details available upon request.

Michel Kelton, B. Eng., M. Eng., M. Bus. ADM.

18 Avenue Des Champs Elysees, 75008 Paris, France

Tel: 7237820. Telex: 660492F

REGISTRARS AND SECRETARIES

Central London Registrars offer a full range of computerised registration facilities together with statutory and secretarial services at extremely competitive rates and with a personalised service.

Telephone: Alfred Frei 01-580 4602

BUSINESSES FOR SALE

FOR SALE

DROP FORGER

Well established drop forging business for sale in North-East. Manufactures drop forgings in all materials. Turnover—£500,000 c. Good freehold premises and plant.

Write Box G.2870, Financial Times, 10 Cannon Street, EC4P 4BY.

For short-term decided buyers

HARD PVC-4-CYLINDERS L/CALANDER (1961)

Electrical heating, power consumption 783 kW, voltage 500 V, effective width about 85 cm, thickness range 0.1-0.7 mm, output capacity up to 250 kg/h: including ko-kneader, roll mill, conveyor belt, chill-roll, winding, control panel desk, calliper gauge, requested hot water temperature 175 C.

Price ex works: Sw.Fr. 600,000 (bought at a price of 3 Mio. Sw.Fr.)

Immediate delivery

FLEXIBLE PVC-4-CYLINDERS F/CALANDER 1946 (revised in 1954)

Power consumption 120 kW, voltage 500 V, effective width 141 cm, thickness range 40-250 micrometers, output capacity up to 500 kg/h, speed up to 150 m/minute: including Henschel-mixer, Werner + Pfleiderer-internal mixer, 2 roll mills, conveyor belt, calliper gauge, metal detector, control panel desk and switch cabinets, requested hot water temperature 190 C.

Price ex works: Sw.Fr. 600,000

Delivery May 1979

Please contact: KOLLER & STEIGRAD AG, Rämistrasse 6, CH-8001 Zürich Tel: 01/ 34 83 31 or 01/ 47 50 40

TWO U.K. COMPANIES

with effective multi-discipline management shortly able to accept a limited number of additional assignments involving the following services:—

(a) unique export marketing and finance procurement

(b) corporate trouble shooting of all kinds.

Assignments for corporate clients with gross annual sales of the order of £2,000,000 preferred.

Write Box G.2868, Financial Times, 10 Cannon Street, EC4P 4BY

You are a smaller business

YOUR PROBLEM — IS IT

- Capital and Financing
- Cash Flow
- Management Accounting
- Production Management
- Marketing and Sales
- Export and Shipping
- Human Resources
- Licensing Arrangements

MAKE IT OUR PROBLEM! A talk with us costs nothing

Write in strict confidence or telephone (0732) 52267/8

INDUCOM BUSINESS RESOURCES, 52 London Rd., Sevenoaks, Kent

UNIQUE OPPORTUNITY

Investor(s) required for sixty room motel. One and a half miles from the National Exhibition Centre, Birmingham Airport, Birmingham International Rail Station and close to the National Agricultural Centre at Stoneleigh.

The total capital required is £500,000 and the minimum acceptable from a single investor will be £100,000. The gross operating income in the first full year could exceed £245,000. All proposals will be considered including sale and lease back, a partnership or straight investment. *Replies to:*

Ref D.A., I. T. Field and Co., Asden House, Victoria Street, West Bromwich, West Midlands B70 8HA

FOR SALE

MEDIUM SIZED CONSTRUCTION GROUP

Turnover £7,000,000

from Development, Construction and Building Services Divisions. Located in Hampshire. Assets include modern, well-appointed Freehold and Leasehold properties, site plant, manufacturing and Office machinery and equipment, tax losses.

Write Box AY241, Reynell's Eldon Chambers, 30/32 Fleet Street, London EC4Y 1AA

HOW TO SUBSCRIBE to THE WALL STREET JOURNAL

Rate for U.K. & Continental Europe

$190 .... 1 year

$100 .... 6 months

$50 .... 3 months

Payable in dollars or equivalent in local currency.

Delivery by Jet Air Freight from New York every business day.

(Other area rates on request.)

Send order with payment to:

THE WALL STREET JOURNAL

International Press Centre

76 Shoe Lane

London, EC4, England

Attn.: Mr. R. Sharp

Also available at major news stands throughout Europe.

ASK FOR IT

FOR SALE

PINE FURNITURE SHOP

Making £20,000 profit p.a. in S.E. London

Offers are sought for this well established and highly profitable cash business. *For details please write to:*

N. G. L. Timpson

FINAWARE LTD.

6/12 Sangley Road, Catford London, SE6 or ring (after 2.30 pm Tues., Wed., Fri.) 01-599 6570

ARUNDEL MANAGEMENT

LONDON · ATHENS · CYPRUS

MIDDLE EAST

Services to businesses operating outside their base countries

Incorporation

Domiciliary and Fiduciary Services.

Taxation and Exchange Control Advice.

Other Related Specialist Services

The Arundel Trust Limited

23 Albemarle St London W1X 3HA

Tel 01-493 7557 Telex 22193 Bluflaw

EXECUTIVE BUSINESS CARD WALLET

The business gift which will be retained and appreciated. Printed with your company name and logo on cover. Indispensable for any businessman, professional, etc. Holds 96 cards in individual pockets for easy reference. Ideal Xmas gifts for your customers — delivery ex-stock.

ROBEN-CHRISTENSEN LTD.

Foundry Lane, Horsham, Sussex

Phone (0403) 69696. Telex 87636

Investor Businessman

Ex MD having sold own company wishes to acquire minimum 75% of a company in the leisure field or making/selling Industrial Protective Clothing / Safety Equipment and clothes. Able to promote expansion/exports and invest £20 to £30,000. Existing management & staff retained.

In confidence write to:

BOX G2865 FINANCIAL TIMES 10 CANNON STREET, EC4P 4BY

EXECUTIVE DESK COMPENDIUM

Superbly designed with efficiency in mind. Desk Pad with luxury finish, incorporating Clipboard and Measure Guide, Address/Telephone Wallet and Business Card Wallet, neatly fitted in wings. Pen and Pencil Pockets. Ideal gift. Printed with Company name and logo on cover. Assorted colours.

FARMOFF PLASTICS LTD.

Northbridge Rd · Berkhamsted · Herts

Tel 04427 5303 · Telex 826715

FINANCE AVAILABLE

Very substantial funds available for self-liquidating reasonably short term property transactions. Greater London area preferred. Communicate in confidence with

CP (LONDON) LTD.

P.O. Box 700, London W5 3HN

Old established Motorcycle Sales and Repairs Business

Leading agencies, located west of England tourist centre, current turnover in excess of £180,000 p.a. For sale as a going concern. Stock, debtors and goodwill. Principals only. Write Box G.2766, Financial Times, 10, Cannon Street, EC4P 4BY.

DORSET — WEYMOUTH

Dorchester 4½ miles, Blandford 20 miles. With access to the beach.

A VALUABLE COMMERCIAL CARAVAN PARK

with significant improvement potential. 372 Static Holiday Pitches. New reception building. Two sanitation blocks. Excellent Manager's house. 2 site Shops (Let).

The whole site extending to about 15½ acres.

Two useful blocks of agricultural amenity land adjacent, extending to about 50 ACRES.

FOR SALE as a Whole or in Lots.

Details: Humberts Landplan, Leisure Management Dept., 6 Lincoln's Inn Fields, London WC2A 3DB. Tel. 01-242 3121.

FOR SALE

established Electronic Instrument Manufacturing Company. Specialised products with world-wide sales. Six overseas agents. Good profit record. Full order book. Reason for sale — desire to retire.

Price around £200,000

Write Box G2851, Financial Times 10 Cannon Street, EC4P 4BY

TYPWRITERS IBM ELECTRIC

Factory reconditioned and guaranteed by IBM. Buy, save up to 40 per cent. Lease 3 years from £3.70 weekly. Rent from £29 per month

Phone: 01-641 2365

FINANCE FOR THE SMALLER COMPANY

For further information contact.

K. Dean,

ARBUTHNOT FACTORS LTD.,

Breeds Place, Hastings, E. Sussex.

Tel: 0424-430824

WELLSITE GEOLOGIST

AVAILABLE

Independent Consultant

16 years oilfield. Excellent references. Works anywhere

PHONE: 01049-5322-50753

EFFLUENT TREATMENT PATENTS FOR SALE

covering waste water and air purification processes. UK and foreign patents

Write Box G2861 Financial Times 10 Cannon Street, EC4P 4BY

POTTERY GIFTWARE COMPANY

Expanding company manufacturing Gift Pottery Ware. Freehold property, modern plant. Estimated t/o £175,000

Profits £35,000. Growth prospects Principals only

Write Box G2869, Financial Times 10 Cannon Street, EC4P 4BY

NOW AVAILABLE

Ex Chairman and Managing Director of three public companies is now available to assist and advise as Consultant or non-Executive Director. Strong background in engineering, marketing and product design. Much experience in valuing, buying and selling of businesses.

Write Box G2866, Financial Times 10 Cannon Street, EC4P 4BY

PLANT & MACHINERY

For short-term decided buyers

HARD PVC-4-CYLINDERS L/CALENDER (1961)

Electrical heating, power consumption 783 kW, voltage 500 V, effective width about 85 cm, thickness range 0.1-0.7 mm, output capacity up to 250 kg/h: including ko-kneader, roll mill, conveyor belt, chill-roll, winding, control panel desk, calliper gauge, requested hot water temperature 175 C.

Price ex works: Sw.Fr. 600,000 (bought at a price of 3 Mio. Sw.Fr.)

Immediate delivery

FLEXIBLE PVC-4-CYLINDERS F/CALENDER 1946 (revised in 1954)

Power consumption 120 kW, voltage 500 V, effective width 141 cm, thickness range 40-250 micrometers, output capacity up to 500 kg/h, speed up to 150 m/minute: including Henschel-mixer, Werner + Pfleiderer-internal mixer, 2 roll mills, conveyor belt, calliper gauge, metal detector, control panel desk and switch cabinets, requested hot water temperature 190 C.

Price ex works: Sw.Fr. 600,000

Delivery May 1979

Please contact: KOLLER & STEIGRAD AG, Rämistrasse 6, CH-8001 Zürich Tel: 01/ 34 83 31 or 01/ 47 50 40

U.S.A. PROPERTIES

INVEST WITH NO USA INCOME TAX

GULFPORTS INVESTMENT CO.,

1102 Walnut Bend, Houston, Texas. 77042. Tel: (713) 454-8989

COMPUTER FOR SALE

ADLER TA 1000 8K OF CORE

Only two years old in excellent condition. Price negotiable

TEL: 01-836 9835

BELGIUM COMPANY

FOR SALE

Net assets BF1.5m in cash

Previously trading in property

Write Box G2858 Financial Times 10 Cannon Street, EC4P 4BY.

FOR SALE. Old established Protective Glove Manufacturers, selling to factories etc. Ample financial resources, own factory with approximately 2 acres of land. North West England. Apply Box G2867, Financial Times, 10, Cannon Street, EC4P 4BY.

YOU

—Make consumer goods competitively

—Deliver promptly

—Have extra capacity for a new market — France

Markets surveyed and distributorships arranged successfully by

OBOE, 3, Mansion House St., Newbury, Berks.

LIMITED COMPANIES

From £69. Formation U.K. and Worldwide

Including Isle of Man, Liberia, Panama and Anguilla

Contact: CCM Ltd., 3 Prospect Hill, Douglas, IoM. Tel Douglas (0624) 23733. Telex 627900 Balion G.

RESIDENTIAL MORTGAGES

Up to £100,000 available for transaction. No Endowment Assurance needed. Commercial Funds also available

Write Box G2582, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESSES WANTED

FINE ART INVESTMENT

Art historian will advise on investment purchases of paintings (all schools), and Old Master drawings and prints. Modest investments a speciality; balanced portfolios planned for larger sums. A lifetime's experience at your disposal.

Write in strictest confidence to BOX G2863 FINANCIAL TIMES 10 CANNON ST., EC4P 4BY

MULTINATIONAL CORPORATION

desires investment in England in running company with good past record. Proposal envisages take over of management and controlling interest in share capital. Total investment envisaged £500,000 to £1.5m

Please write Box F1059 Financial Times 10 Cannon Street, EC4P 4BY

GENERATORS

Over 400 sets in stock

1kVA-700kVA

Buy wisely from the manufacturers with full after-sales service

CLARKE GROUP

01-986 8231

Telex: 897784

GENUINE SALE OF FORK LIFT TRUCKS. Why hire when you can buy at such ridiculously low prices. Excellent choice of over 100 diesel, electric or gas operated. Leading makes finished in Manufacturers colours. 95% of all trucks fitted with new tyres, batteries and seats. Large stock of diesels on pneumatic tyres. Also German Mast Container Handler 30 tons capacity with hydraulically operated spreader. Hours worked to date 5,283. Price £12,500. List sent upon request. Trade and export enquiries welcomed. Deliveries arranged worldwide. Large reduction on both our charges. Finance arranged. Birmingham Fork Lift Truck Ltd, 3-5 Hams Road, Saltley, Birmingham B8 1DU. Tel 021-327 5944 or 021-328 1705. Telex 337052.

PROPERTY CONSULTANT

seeks financial backing privately — or perhaps Merchant Bank or Institution! — for short-term property deals. Well secured and lucrative. Building Finance also required. Please write initially, in confidence, to.

The Advertiser, Box G2847, Financial Times, 10 Cannon Street, EC4P 4BY

LIMITED COMPANIES

FORMED BY EXPERTS

FOR £78 INCLUSIVE

READY MADE £83

COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.

30 City Road, EC1

01-628 5434/5, 7361, 9936

SHIRT FACTORY WANTED

We are interested in purchasing a quality shirt factory in the U.K. Employing up to 100 persons. Write Box G.2880, Financial Times, 10 Cannon Street, EC4P 4BY.

CHARTERED ACCOUNTANTS

require smallish property company for clients. Introductions reciprocated in strict confidence. Write Box G.2859, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY with large carry forward losses wishes to purchase close company with severe distribution problems. Write Box G.2371, Financial Times, 10 Cannon Street, EC4P 4BY.

WELL KNOWN FIRM of Stockbrokers have room to take additional Associate members. Please write in confidence to the main partner Box G.2852, Financial Times, 10 Cannon Street, EC4P 4BY.

LONG ESTABLISHED ... connected with the engineering and building industries. Ring 01-636 7430.

FORK LIFT TRUCKS WANTED. Mastery preferred. Immediate settlement. Birmingham Fork Lift Truck Ltd, 3-5 Hams Road, Saltley, Birmingham, B8 1DU. Tel 021-327 5944 & 021-328 1705. Telex 337052.

£1 A WEEK FOR EC2 address or phone messages. Combined rates + telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0393. Telex 8811725.

YOUR HOME Business Office and Services. Mailbox, phone, Impex Trading, 58 Viminale, 4755356, Tlx 614675 Estate 1.

THE JOBS COLUMN

Ten tactical schemes for career advance

BY MICHAEL DIXON

"WHAT about integrity?" someone demanded from the floor. Dr. Virginia Schein received the challenge calmly, even though it was delivered with a snort of outrage.

Probably she was expecting it, having just ended her exposition of the skills of company politics (on which I began my report in last Thursday's Jobs Column). Indeed, since the associate professor from the United States Wharton Business School had effectively told a roomful of managers and specialists how to outwit their colleagues in corporate power struggles, she was perhaps pleased to find her audience so soon protesting about the threat to integrity, "which is fundamental."

"Political activity doesn't necessarily entail a loss of integrity," she replied. It was a fact of organisational life that projects requiring change would meet political opposition. So the process of anticipating and forestalling the opposition could rightly be viewed by managers responsible for such projects, as part of the essential pre-planning.

Success in this process, according to Dr. Schein, depends primarily on the assembly of an appropriate power base from the seven types available, which I described five days ago. From the strategic base, politically skilled managers can then pursue their campaigns by the use of ten main kinds of tactics.

Develop liaison—The purpose here is to guard against being undermined by opponents' "isolating" stratagems. Many a project's congealing might be traced, for instance, to the time when an adversary murmured to someone whose support was crucial: "What exactly do they do in that department anyway?"

It is therefore wise to work out which other sections of the organisation are germane to your purpose, and establish with them links which are formal and open, as distinct from the network of quasi-social contacts with members of other departments required to build up the "political access" power base.

Only 'modest'

Present a conservative image.—Enthusiasm can, with a little unwanted help, easily be interpreted as threatening and, with a bit more, extended into "way-out ideas that don't make sense in practice."

Hence phrase important proposals so that they seem no more than modest adustments of the status quo, and concentrate on the unimaginative aspects of the plan such as its financial benefits. "Never," said Virginia Schein, "emphasise humanistic things like improvements to morale."

Diffuse opposition and bring out conflict. — Whenever hostility breaks cover, it is best to stop pretending that it is not there, and openly arrange for all opponents to attend a meeting so as to air their views.

Ally with powerful others.—This does not refer simply to the obvious step of attaining top management's approval. That may be necessary, but since it is always prone to erosion by political counter-action, it is not sufficient. Equally if not more important is investment of pre-proposal time in "understanding" the work of key managers on your own level or even lower down. For maximum persuasive effect, many skilled company politicians recommend conducting such consultations in an informal atmosphere.

Tradeoff—The fifth tactic follows naturally from the preceding one of forming operational alliances: spearhead your proposals with measures clearly aimed at overcoming your key "client" managers' problems, even if you think that these are relatively trivial. In other words, to paraphrase the Rugby axiom: Get your reciprocation in first.

Strike while the iron is hot—Never rest on your laurels after politicking a particular project to notable success. Capitalise by immediately bringing forward another which has as yet proved less acceptable.

Research—This device can be especially effective when applied to the emotional aspects of your project—as examples, Dr. Schein quoted equal opportunity for women, and for racial minorities. In arguing about such matters with hard-nosed operational managers, the purely subjective approach is unlikely to get anything done at all.

Therefore institute research into the matter so as to be able to present some "hard data" which, wherever possible, should be true. In any case, however, the recommended introduction to discussing it is: "Well, here's the evidence. I don't necessarily believe all of it. But we can't just ignore it, can we?"

Camouflage

Use a neutral cover.—Many controversial projects have been carried to success by the tactic of starting them in a small way — perhaps by pilot studies designed to build up expertise—and camouflaging their early development by linking it with some other project of non-controversial type already going ahead in the organisation. Radical changes can then be represented, and often accepted, as natural consequences of the unexceptionable programme.

Limit communication. — "There's no doubt that sometimes the practice of being open and honest with everybody can be counterproductive," Virginia Schein said. A scheme which in its full form would raise impassable barriers, may well be brought to fruition by the device of unveiling it in self-contained parts while keeping its later extensions secret.

Withdraw.—When there is competition for the leadership of a new development, and especially when the objectives look complicated and hard to achieve, managers can well strengthen the expertise and stature components of their power base by abruptly withdrawing from the competition. Letting others squabble over the nomination to fight a tiger has been shown to be a highly efficacious stratagem.

As the Wharton associate professor suggested in her Harrogate lecture—which was sponsored jointly by the Institute of Personnel Management and the Independent Assessment and Research Centre of London—all the foregoing tactics might well be viewed as compatible with integrity, provided they are used to further the work for which a manager is responsible. And Dr. Schein reported that they were widely used in this way, especially in dynamic organisations in which market and other pressures made managers' career advancement dependent on by-passing or even hoodwinking their company's established system so as to get changes and other work through quickly. In such cases, people seemed to prefer practising deception to risking an open challenge to the deficiencies of the formal system, she added.

But there were other kinds of organisation in which politics were rampant, not for work-furthering, but for purely personal gains. These organisations tended to be the static kind, where the rules changed rarely, normal promotion was slow and measured, and even the top jobs were to a large extent routine.

Excitement

"You can often hear people from static organisations talking about how dynamic their job is, not because of what work they do, but because of the politics involved." So it might well be that the motive for the power-struggling was not just palpable gains in position and pay. Part of the reason might be that personal politicking added much-needed excitement to the job.

It would surely be wrong on moral grounds for the chief of a static organisation to introduce more political intrigue so as to "brighten up people's lives," Dr. Schein concluded. But it might also be wrong on practical grounds to try to eliminate personal politicking. Deprived of its stimulation, the best workers might pack up and leave.

LEGAL NOTICES

No. 003407 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of G. F. HARLAND LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 24th day of November, 1978, presented to the said Court by M. WISEPART LIMITED whose registered office is situate at 245/253, Wick Road, London, E9 5DZ, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 27th day of November, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
56-58, Oxford Street,
London W1R 1RD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November, 1978.

No. 003442 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EYNESCOMBE LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of October 1978, presented to the said Court by THE LONDON BOROUGH OF HAMMERSMITH, Hammersmith House (B.O.C. Building), Blacks Road, London W6 9EG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 27th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108, Kingsway,
London, WC2B 6PZ
Ref: 34RR Tel: 01-405 9574.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November, 1978.

No. 003443 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FOUR SQUARE ENTERPRISES LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of October 1978, presented to the said Court by THE LONDON BOROUGH OF HAMMERSMITH, Hammersmith House (B.O.C. Building), Blacks Road, London, W6 9EG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 27th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
108, Kingsway,
London, WC2B 6PZ
Ref: 14RR Tel: 01-405 9574.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November, 1978.

PUBLIC NOTICES

SUFFOLK COUNTY COUNCIL

£3,000,000 Bills issued today due 6 February 1979 at 10.53/64. Total applications £27,000,000. Outstanding bills £8,000,000.

OBITUARY

GRAUCOB on Monday, November 6th 1978, Finn Graucob at his home Fresh Springs, Bonne Nuit, St John, Jersey. Formerly Chairman and Managing Director of No-Swift International Ltd. Dear husband of Sylvia and father of Sheila and Patrick. Funeral in Denmark.

WORLD STOCK MARKETS

Easier early Wall St. tone on inflation

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—77½% (77½%)
Effective $1.9770 35% (35½%)

REFLECTING FRESH CONCERN about rising interest rates and persisting inflation, Wall Street showed a downward bias in light trading early yesterday, but was above the worst at mid-session.

The Dow Jones Industrial Average, after declining 4.76 to 818.35 at 11.00 am, picked up to 821.03 at 1 pm for a modest net loss of 2.08. The NYSE All Common Index was 15 cents down at $53.34, after touching $53.30, while falls held just a narrow lead over gains at mid-session. Turnover came to only 14m shares, dwon from last Friday's 1 pm level of 18.61m.

Closing prices and market reports were not available for this edition.

A rise in Bank Prime Rate to 10¾ per cent became industry-wide.

The market was also disappointed by a report from Exxon that the first tast on its Baltimore Canyon well was completed with no hydrocarbon shows. However, analysts noted that the dollar held steady and the price of gold declined, a bullish factor for stocks.

Exxon, the second most active issue, fell 1¼ to $50½ ex-dividend Texaco, in third place, eased ¼ to $23. It is also drilling in the Baltimore Canyon.

Sony, the volume leader, gained ¼ to $7¾. A block of 400,000 shares were traded at $7¾.

Active Tandy receded 4½ to $23¾. Its chairman, president and chief executive officer, Charles D. Tandy, died over the week-end. Tandycrafts lost 1⅜ to $18⅝. Mr. Tandy was also chairman of Tandycrafts.

Iowa Beef Processors jumped 14⅞ to $53½. Directors are backing a Pacific Holding bid to buy the 82 per cent of Iowa Beef that it does not yet own for $60 a share.

Sambo's Restaurants shed ½ to $11¾ on lower third-quarter net earnings.

Harcourt Brace Jovanovitch retreated 2½ to $31, undermined by a sharp fall in third-quarter profits, but **MCA** rose 1½ to $38½ in response to improved third-quarter results.

THE AMERICAN SE Market Value Index, in contrast to the NYSE trend, improved 0.18 to 145.50 at 1 pm in moderate activity. Volume 1.41m shares (1.18m).

Houston Oil, which is drilling in the Baltimore Canyon, shed ¼ to $17¼ in top place on the actives list.

Colonial Commercial, in second place, climbed $1 to $13¾. **Liberty Fabrics** gained ⅛ to $8. It has agreed to buy some operating assets of Stern and Stern Textiles' lace division for $3.05m in cash and securities. **Iroquois Brands** advanced 1⅛ to $28.

Canada

A rise in the Bank Rate to a record 10¾ from 10¼ per cent and the lower early trend in New York triggered a broad decline in Canadian prices in moderate trading yesterday morning. The Toronto Composite Index receded 7.9 to 1,226.4 at noon, while Golds fell 13.3 to 1,341.4, Oils and Gas 7.8 to 1,547.3, Banks 1.24 to 292.34, Utilities 1.65 to 186.49 and Metals and Minerals 5.9 to 1,085.1.

The Pipelines group, which comprises about 4 per cent of the Toronto Composite, fell 27½ points, with **Transcanada Pipe** off ½ at C$17½ and **Westcoast Transmission** down ½ at C$11¼.

Tokyo

Profit-taking erased part of a fresh early stock market rise yesterday, although the Tokyo SE Index was still 1.17 up on the day at 441.08. The Nikkei-Dow Jones Average managed a net improvement of 12.79 at 5,936.17, while trading volume was a moderate 290m shares.

Electricals, Vehicles and Cameras put on a strong performance, spurred on by a sharp dollar recovery in Tokyo. Sony rose Y60 to Y1,510, TDK Electronics Y40 to Y2,060, Pioneer Y80 to Y1,630, Toyota Motor Y17 to Y865, Matsushita Electric Y8 to Y779 and Canon Y4 to Y445.

Department Stores were another favoured sector, reflecting anticipation of an increase in sales towards the year-end, while Foods took their lead from Stores and also moved ahead. Takashimaya gained Y6 at Y436, Sapporo Brewery Y10 at Y273 and Morinaga Milk Y10 at Y328.

Paper-Pulps, Pharmaceuticals, Oils and Communications also closed higher, but Real Estates and Shippings finished lower on profit-taking.

Germany

Most shares weakened in nervous trading, reflecting investor concern over last week's upheaval on international money markets and unease over the situation in Iran. The Commerzbank index receded 6.9 to 830.7.

Brokers said that there seems to be no clear-cut opinion on the future course of currency markets despite the recent U.S. dollar support moves. As a result, they added, many investors have just pulled completely back from the market awaiting some clear sign.

Among the leaders, Deutsche Bank fell DM 4.90, Volkswagen DM 3.30, BMW DM 3, Hoechst DM 2.40, BBC DM 7 and Gutehoffnungshuette DM 4.50.

Deutsche Babcock lost DM 6.30 and Karstadt DM 3.50, but against the trend, Lahmeyer rose DM 4.50 and Verseidag DM 9.

Public Authority issues sustained further falls ranging to 65 Pfennigs, while the Bundesbank purchased DM 10.3m nominal of L-stock (DM 13.6m).

Paris

Stocks finished on an irregular note with declines holding a slight lead over gains following thin trading. Brokers commented that the raising of the Call Money rate from 7 to 7¼ per cent had not affected investor sentiment to any significant extent.

The biggest downward movements were observed among Metals, while Portfolios, Foods, Mechanicals, Stores and Chemicals were lower-inclined, but Oils were broadly higher at the close.

Rhone-Poulence gained 20 centimes to FFr 121.20 following interim results, but St. Gobain, inspite of higher first-half net profits, retreated FFr 2.60 to FFr 145.90.

Electrical engineering concern CEM jumped 11 per cent, but market observers were unable to furnish any explanation for the sharp rise.

Australia

A rather slow trading day left stocks closing on a mixed note yesterday.

However, Uraniums provided a buoyant sector following last Friday's signing of the Ranger agreement, although most issues finished below the day's best. Peko-Wallsend closed 36 cents up at A$6.06, after touching A$6.20, while its Ranger partner EZ Industries ended 10 cents higher at A$3.20, after A$3.30.

The Nabarlek uranium developers, **Queensland Mines** and **Kathleen Investments**, were well supported on Deputy Prime Minister Doug Anthony's statement that agreement on a start to Nabarlek could be reached before Christmas. **Queensland** rose 30 cents to A$3.55 and **Kathleen** 20 cents to A$2.70, while elsewhere, **Pancontinental** advanced 50 cents to A$12.00.

CRA made a short-lived gain on the strength of the interim progress report, released yesterday morning, on the Ashton diamond venture, rising to A$3.51 before reacting to A$3.43, down a cent on balance. **Northern Mining**, a junior partner in the venture, put on 5 cents to A$1.45.

Isolated features elsewhere were BHP, which moved ahead 12 cents to A$8.36, and Westfield Properties, 40 cents stronger at A$8.90.

Hong Kong

Share prices continued to retreat in moderate activity, but closed above the day's worst. The Hang Seng index finished a further 8.73 down at 648.62.

Hong Kong Bank lost 50 cents to HK$19.80, Hong Kong Land 30 cents to HK$11.50 and Swire Pacific 15 cents to HK$9.85, while Jardine Matheson, Hutchison Whompoa and Wheelock shed 10 cents apiece to HK$16.70, HK$6.25 and HK$3.60 respectively.

China Light eased 25 cents to HK$30.25, despite improved results and a one-for-five rights issue, announced last Friday.

Hong Kong Land nil-paid loan stock with warrants fell HK$1.50 to HK$10, Cheung Kong 30 cents to HK$13.40 and Sun Hung Kai Properties 15 cents to HK$9.85, but Hong Kong Hotels hardened 20 cents to HK$22.70.

Switzerland

Stock prices mostly gained ground, bolstered by the continued recovery of the dollar, with export-orientated stocks meeting good demand.

In Chemicals, Sandoz advanced SwFr 3,100 in activ trading, while SWFr 40 to SwFr 3,100 in active trading, while among Foods Nestle Bearer rose SwFr 45 to SwFr 3,095. Metals were led higher by Alusuisse, up SwFr 20 at SwFr 1,015.

Amsterdam

Stocks were mainly in firmer vein.

KLM were notable for a rise of Fls 2.70 to Fls 138.50, while Ennia added Fls 1.80 at Fls 139.50, but Elsevier Publishing, which is to merged with the NDU newspaper group, fell Fls 15 to Fls 275.

State Loans improved in quite active trading.

Milan

Bourse prices further retreated, with dealers attributing the decline mainly to the worsening of Italy's political and economic position along with the recent international tension.

ANIC, against the trend, recovered L3.25 to 36.00 after last Friday's loss of L10.75.

Johannesburg

Gold shares were easier-inclined on lower opening Bullion price indications, although some issues later picked up on small local and Overseas interest.

Mining Financials followed the earlier lower trend in Golds, but Diamond stock De Beers gained 8 cents to R7.38. Platinums were easier but generally above the day's lows after a moderate trade, while Coppers recorded minor losses and a softer tone prevailed in Industrials.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Nov. 3	Nov. 2
Abbott Labs	32	32
Addressograph	23	22⅝
Aetna Life & Cas.	37⅝	37⅛
Air products	25¾	26½
Alcan Aluminium	33⅛	33⅛
Alcoa	45⅛	45⅞
Alleg. Ludlum	15⅛	15¼
Corning Glass	54⅞	54¼
CPC Int'n'tional	49⅛	49⅛
Crane	27	26½
Crocker Nat.	26⅝	25¾
Crown Zellerbach	31¾	31¾
Cummins Engine	30¾	31
Curtiss Wright	14⅛	14¼
Dana	27¾	27⅞
Johns Manville	26⅝	26½
Johnson Johnson	76¾	76½
Johnson Control	25	26½
Joy Manufactur'g	29	29½
K. Mar Corp.	24⅞	25
Kaiser Alumini'm	54⅞	55¾
Kaiser Industries	[illegible]	2
Kaiser Steel	20⅞	20⅛
Kay	12⅝	12⅝
Revlon	51	50¼
Reynolds Metals	35⅛	34½
Reynolds R. J.	57⅛	57⅛
Rich'son Merrell	22	24
Rockwell Inter.	32	32¼
Rohm & Haas	35⅝	35¾
Royal Dutch	60⅛	60¼
RTE	11⅛	11⅛
Woolworth	18⅝	18⅛
Wyly	4⅛	4¼
Xerox	52⅞	53
Zapata	13⅛	13½
Zenith Radio	14	13⅝
U.S.Treas.4% 1980	†94½	†94⅛
US Treas4¼%75/85	†79⅛	†79⅝
U.S. 90-day bills	8.76%	8.68%
Western N. Amer.	25	23⅝
Western Union	16⅛	16⅛
Westingh'se Elec	17	17⅛
Weyerhaeuser	26⅛	26¾
Whirlpool	20¾	20½
White Con. Ind.	18⅝	18¼
William Co.	15⅞	16⅛
Wisconsin Elect.	25¼	25¾

CANADA

Stock	Nov. 3	Nov. 2
Union Gas	10⅞	10⅞
Walker Hiram	37	36⅞
West Coast Trans	11⅝	11⅝
Western Geo.	19⅛	19¼

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ♦

Nov. 6	Price Dm.	+ or —	Div. %	Yld. %
AEG	82.7	—1.0	—	—
Allianz Versich.	491	+1	31.2	3.2
BMW	224.5	—3.0	28.12	6.3
BASF	136.8	—1.2	18.76	6.9
Bayer	138.3	—2.5	18.76	6.8
Bayer-Hypo	318	—6	28.12	4.5
Bayer-Vereinsbk	325	—5.5	18	2.8
Ciba Int. Ned. wrts	165		—	—

TOKYO ¶

Nov. 6	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	382	+2	14	2.0
Canon	445	+4	12	1.3
Casio	944	+35	25	1.3
Chinon	400		20	2.5
Dai Nippon Print	619	+1	18	1.4
Fuji Photo	535	—7	15	1.4
Hitachi	227	+4	12	2.6
Honda Motors	490		18	1.8

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Irish Banks Ltd.	11½%	■ Hill Samuel	§11½%
American Express Bk.	10 %	C. Hoare & Co.	†11½%
Amro Bank	11½%	Julian S. Hodge	12½%
A P Bank Ltd.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp	11½%	Keyser Ullmann	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	11½%	Lloyds Bank	11½%
Bank of Cyprus	11½%	London Mercantile	11½%
Bank of N.S.W.	11½%	Edward Manson & Co.	12½%
Banque Belge Ltd.	11½%	Midland Bank	11½%
Banque du Rhone	12 %	■ Samuel Montagu	10 %
Barclays Bank	11½%	■ Morgan Grenfell	11½%
Barnett Christie Ltd.	12½%	National Westminster	11½%
Bremar Holdings Ltd.	12½%	Norwich General Trust	11½%
Brit. Bank of Mid. East	11½%	P. S. Refson & Co.	11½%
■ Brown Shipley	11½%	Rossminster	11½%
Canada Perm't Trust	11½%	Royal Bk. Canada Trust	11½%
Cayzer Ltd.	11½%	Schlesinger Limited	11½%
Cedar Holdings	11½%	E. S. Schwab	12½%
■ Charterhouse Japhet	11½%	Security Trust Co. Ltd.	12½%
Choulartons	11½%	Shenley Trust	11 %
C. E. Coates	11½%	Standard Chartered	11½%
Consolidated Credits	10 %	Trade Dev. Bank	11½%
Co-operative Bank	*11½%	Trustee Savings Bank	11½%
Corinthian Securities	11½%	Twentieth Century Bk.	12½%
Credit Lyonnais	11½%	United Bank of Kuwait	11½%
Duncan Lawrie	11½%	Whiteaway Laidlaw	12 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	11½%
Eagil Trust	11½%	Yorkshire Bank	11½%
English Transcont.	11 %		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd	12 %		
■ Antony Gibbs	11½%		
Greyhound Guaranty	11½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9[illegible], 1-month deposits 9[illegible].
† 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible], and over £25,000 [illegible].
‡ Call deposits over £1,000 [illegible].
§ Demand deposits [illegible].

EUROPEAN OPTIONS EXCHANGE

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

JOHANNESBURG

FRIDAY'S ACTIVE STOCKS

AUSTRALIA

OSLO

BRAZIL

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ⊕

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

[illegible] من الأصل

FARMING AND RAW MATERIALS

U.S. sugar import cuts expected

WASHINGTON, Nov. 6.

PRESIDENT CARTER is expected to impose a ban on sugar imports from nations not participating in the International Sugar Agreement.

U.S. Agriculture and State Department officials said no final decision has yet been made, but it is probable that action will be taken soon to prevent further sugar imports from non-ISA member countries.

The most recent census bureau figures show that sugar imports from non-ISA nations rose to 118,000 tonnes by the end of September this year, up from 85,000 tonnes at the end of August.

Under the ISA, non-member nations have a quota allowing total imports into the U.S. of 136,610 tonnes for 1978 and 1979. Although this is broken down into 68,305 tonnes for each year, the U.S. will use the total in deciding whether to limit any additional imports.

"With sugar imports approaching the cut-off, we may set the quota below 136,610 tonnes and then require special permission for any further imports," a USDA official said.

Reuter

Unfair competition 'harms UK meat industry'

BY RICHARD MOONEY

UNFAIR COMPETITION within the EEC is preventing the British meat industry from making its full contribution to the country's prosperity, according to a "Little Neddy" report out today.

The meat and meat products sector working group of the Food and Drink Manufacturing Economic Development Committee believes the UK meat products industry, particularly bacon and ham, offers great scope for import saving. But it sees no prospect of output being raised substantially "unless competition with other suppliers can be put on to a fairer basis."

Monetary compensatory amounts (MCAs) on pigmeat must be reduced to place UK processors on an equal footing with their major competitors, the report says. It also complains that insufficient supplies of manufacturing beef of the right price and quality are allowed into the EEC from non-member countries.

The group agrees with the UK Government's assertion that the calculation of pigmeat MCAs should be based on the feed element in production costs — as with eggs and poultrymeat — rather than on the full pigmeat intervention price. Such a change would reduce the MCAs by 45 per cent, the reports says.

A further distortion is introduced by the coefficients used by the EEC Commission to calculate the MCAs on pigmeat products. These often overstate the difference between the value of the products concerned and the value of a pig carcase, the report says. Bacon, ham and certain chopped products such as pork luncheon meat are affected in this way.

Disadvantage

The group says that the inability of EEC beef producers to supply sufficient quantities of manufacturing beef at the right price, and the restriction on imports from outside the Community, places UK manufacturers at a clear disadvantage in competing with non-member imports of finished products.

These are subject only to the common tariff of 26 per cent while their suppliers, particularly those in South Africa, have ready access to raw materials at much lower prices. The report says that canners of cooked beef-based products suffer especially from this.

Criticism is not confined to the EEC's agricultural policy, however. The report urges British meat processors, especially in the bacon sector, to improve the quality, marketing, distribution and promotion of its products.

This would require substantial new investment, the group says, "and the industry should consider whether to seek assistance within the terms of the Industry Act for a programme of investment designed to improve the whole industry's overall efficiency and competitiveness."

● New Zealand lamb supplies on the UK market next year will be between 190,000 and 200,000 tonnes, about the same as this year's, the NZ Meat and Wool Board estimates.

The lambing percentage was down 1.9 per cent to 91.4 per cent but this was compensated by the larger number of ewes put to the ram. The lower lambing rate is blamed on this summer's prolonged drought.

Platinum price falls sharply

By John Edwards, Commodities Editor

PLATINUM PRICES took another pounding on the London free market yesterday. The sterling quotation fell by £6.50 to £168.40 an ounce £19.50 below the all time peak reached on Wednesday last week. The dollar quotation at $332.25 is over $50 down since President Carter's announcement of measures to defend the dollar and step up gold sales.

By contrast there has been little reaction in silver to the sharp fall in gold and platinum prices. The bullion spot quotation at yesterday's morning fixing was only 0.7p down at 292.55p an ounce.

Currency uncertainties continued to influence the base metal markets. Copper prices on the London Metal Exchange were boosted by arbitrage transactions of buying in London and selling in New York. London values were also held firm by copper stocks held in LME warehouses falling again by 4,050 tonnes to a total of 398,125 tonnes — the first time stocks have been below 400,000 tonnes since September 1975.

Lead stocks also fell by 1,800 to 30,700 tonnes. But tin stocks were up by 205 to 2,240 tonnes. Standard grade cash tin lost £80 to £7,825 a tonne, narrowing its premium over the three months quotation which lost £32.5 to £7,752.5.

Zinc stocks rose by 50 tonnes to 77,500 tonnes, while LME silver holdings increased by 480,000 to 21,310,000 ounces.

Meanwhile the Metal Exhange held its first special "ring" session for options yesterday, prior to the start of normal trading.

SOVIET GRAIN

Record crop helps Kremlin planners

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION has estimated that this year's grain harvest will be more than 230m tons, the biggest in Soviet history and about 10m tons over the planned target for 1978.

The estimate, disclosed in the course of a lengthy speech at the weekend by Mr. Alexei Kosygin, the Soviet Premier, indicates that the crop is well above last year's disappointing 195.7m tons and considerably exceeds recent projections by the U.S. Department of Agriculture. The final official figure, which will probably be released in January is expected to be marginally higher than 230m tons: according to one U.S. analyst it could even be as high as 232m tons.

The figure has surprised many Western world experts who have noted sluggish harvesting in some key Soviet grain areas as well as flooding in small but important agricultural regions like Estonia. The high rainfall in some of these areas means that much of the overall crop will be of poor quality.

One factor which may have confounded the experts is the great stress this year on the need for sufficient storage. In good harvest years a great deal of crop goes to waste in the fields, barns, silos and fodder troughs.

In poor years, by contrast, every kernel of corn is preserved to maintain regional output quotas. More rigorous harvesting and storage could well have bumped up the total.

The harvest figure is useful only as a rough and ready guide to import needs and cannot really be viewed as an accurate or absolute total. Some Western analysts scale down the figure on the assumption that much of the crop is weighed wet and that it contains waste. If the crop is harvested at the time of heavy rainfall it will inevitably contain rocks, water and mud.

But there is also a case for scaling up the figure. Since the poor crop of 1975 when Soviet livestock farming leapt ahead of secure fodder supplies, managers of State farms and chairmen of collectives have tended to understate their crop yields in order to protect their herds from excessive culling.

Moreover, because bonuses for above-quota deliveries of livestock are tied to the numbers recorded at the turn of the year, collective farmers are frequently tempted to keep animals and at the same time conceal fodder supplies.

Imports

It is still too early to estimate how the harvest will affect levels of Soviet grain imports from the U.S., Canada and Australia. The USDA had estimated earlier that the Soviet Union would import about 11m tons of grain from the U.S.—3m tons of wheat and the rest maize—during the 1978-79 marketing year which began last month.

But as the USDA had underestimated the harvest figure by about 10m tons the import projection will clearly have to be reconsidered.

Under the U.S.-Soviet grain agreement, the Soviet Union is committed to buying a minimum of 6m tons annually. During the agreement's initial marketing year in 1976-77 the Russians purchased the minimum amount because of their 1976 harvest which reached the record total of 223.8m tons.

But although large imports are not expected following the new bumper crop, purchases are still expected to be above the minimum level. The Soviet Union has to replenish its grain reserve stocks depleted by the low 1977 harvest, and it also has to cope with higher than average livestock production.

The Soviet Press has given great prominence to the Kosygin speech, and it is clear that the grain figure has been a much-needed boost to the Kremlin planners. The current five-year plan sets out an average annual grain production of 215m tons to 220m tons, but until the 1976 harvest only one grain crop in Soviet history had ever exceeded 200m tons (the 1973 crop of 222m tons).

The bumper 1978 harvest makes the plan figures look a little more realistic and will give heart to Mr. Leonid Brezhnev, the Soviet President, who earlier this year declared that the Soviet Union would aim for an average of 238m to 243m tons between 1981 and 1985. The longer-term aim, he said, was to produce one ton of grain per capita by 1990—effectively 280m tons a year.

Most Western experts agree that these targets are still far too ambitious, even with favourable harvests and a massive re-channelling of resources, unless there are radical changes in the agricultural system. In addition the Soviet Union is faced with the task of constantly raising meat production to satisfy the rising expectation of its consumers. Increasing grain imports from the U.S. and Canada seem inevitable.

Saccharin cancer risk supported

WASHINGTON, Nov. 6.

SACCHARIN IS clearly a potential cancer-causing agent, particularly among the young, according to a new study released here.

The study, ordered by Congress last year and prepared by the National Academy of Sciences, says the young are more at risk because they are apt to consume saccharin heavily and over long periods of time in low calorie soft drinks.

It described saccharin as a "low-potency carinogen," but warned, "Even low risks, applied to a large number of exposed persons, may lead to a public health concern."

Earlier studies which showed massive doses of saccharin caused cancer in rats prompted the U.S. Food and Drug Administration to propose that it be banned.

U.S. FUTURES CHIEF RESIGNS

Mr. William Bagley, chairman of the Commodity Futures Trading Commission, has resigned his position, effective from November 15.

In a letter to President Carter, Mr. Bagley said he is leaving to join a Los Angeles law firm, Adams Duque and Hazeltine, as a resident partner of its San Francisco office.

Reuter

Barents Sea fishing agreement

BY FAY GJESTER

OSLO, Nov. 6.

RUSSIA AND Norway have agreed on Barents Sea cod and capelin quotas for 1979.

At talks in Oslo, the joint Norwegian-Soviet Fisheries Commission fixed the total allowable catch for cod at 660,000 tonnes. This is 150,000 tonnes less than this year's quota, but 100,000 tonnes more than recommended by the International Council for the Exploration of the Seas (ICES).

Norway argued that a 250,000-tonne cut would create excessive difficulties for the industry, though Russia favoured an even sharper reduction to help build up stocks.

Third countries will be allowed to take only 90,000 tonnes—40,000 tonnes less than this year—out of next year's cod quota.

The remaining 570,000 tonnes will be divided equally between Russia and Norway. Of the 90,000-tonnes reserve for foreigners, 15,000 tonnes can be taken in the waters around Svalbard (Spitsbergen), 45,000 tonnes in Norway's economic zone and 30,000 tonnes in Russia's.

In addition, both Russia and Norway can license third countries to take up to 7,500 tonnes in the "grey zone"—a part of the Barents Sea currently policed by both countries pending agreement on Continental Shelf boundaries.

The 1979 catch quota for capelin has been fixed at 1.8m tonnes, of which Norway is to take 60 per cent and Russia the rest. Norway had hoped for 75 per cent of the total.

The Commission has also decided to ban capelin fishing from May 1 to August 15—a conservation measure that is expected to create problems for Norway's purse seine fleet.

Meanwhile, Norwegian fishermen are increasing their take of fish for human consumption in the North Sea, where Norway has traditionally engaged mainly in industrial fishing (fish for oil and meal).

Following the establishment of 200-mile zones by the North Sea states, other countries' catch quotas in Norwegian waters are gradually being cut. The Government is encouraging coastal fishermen in West and South Norway to land more cod, saithe, haddock and whiting. These fishermen, who have hitherto fished close inshore, are now buying the boats and gear they need to operate further out.

The change-over is expected to create additional jobs onshore, as processing and handling facilities are expanded to cope with the larger catch.

Dearer fishmeal forecast

WASHINGTON, Nov. 6.

WORLD SUPPLIES of fishmeal are expected to decline slightly next year, which could lead to a rise in prices, according to Mr. Ole Enger of Norwegian fishmeal manufacturer Norsildmel.

In a speech at the annual meeting of World Fishmeal Manufacturers, Mr. Enger predicted demand for fishmeal will be stable for the next five years, but that the success of Peruvian fishing will be the decisive factor.

Taiwan and Iran will be important new markets, while the potential in China and the Soviet Union is largely untapped, he said.

Retail meat legislation under attack

By Sara Davis

A CALL for a halt to consumer legislation governing the retail meat trade was made at a Meat and Livestock Commission conference in Maidenhead yesterday.

Mr. J. B. Walley, assistant general manager of J. A. Dewhurst, and chairman of the Food Regulations Committee of the Multiple Food Retailers, said that butchers were inundated with regulations governing the retailing of meat.

"The retail trade is dangerously near the safe-load line of consumer regulations," said Mr Walley. He said that all legislation should be costed out carefully.

$1,064m EEC aid for rice research

MANILA, Nov. 6

THE European Economic Community will contribute $1.064m to the International Rice Research Institute (IRRI) for research activities, the official Philippines News Agency reported here.

The funds are intended to help the institute increase rice productivity and output in developing countries.

In Washington, the U.S. Agriculture Department said favourable weather in the past month resulted in an increased projection for 1978-79 rice output to 377.8m tonnes (rough basis), up from 375.9m estimated last month and above the 366.3m tonnes last year.

In its latest world outlook report, the USDA said the increased output reflected favourable crop conditions in China, India, Indonesia, Japan, Thailand and the U.S.

World production is expected to exceed use by about 3.5m tonnes, and world stocks to reach a record 24.8m tonnes by the end of the season. The bulk of the stocks will be located in India, Japan and the U.S.

The department said the general tone of world rice prices did not recently reflect the weakness evident during August and September.

Strong demand from African and Middle East markets, farmer reluctance to market supplies in anticipation of higher prices, U.S. action on reserve stocks and reports of flood damage to South and Southeast Asian crops helped to maintain firm prices.

It said the Middle East rice market remains strong, perhaps as a result of the dollar's decline.

China's intermediate rice crop is expected to be larger than last year, but the out-turn of the late rice crops remains uncertain. However, the USDA repeated its forecast for total China rice output at 130.0m tonnes, up from 126.5m estimated for 1977-78.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange in moderate trading with arbitrage buying in London for sale on Comex the main factor. Forward metal traded between £781 and £783 throughout the morning. When Comex later started lower than expected, the price slipped before rallying to £785.5 and finally falling to close on the Kerb at £785. Turnover: 13,675 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £761, 62, three months £782, 81, 81.5, 82, 81.5, 82, 82.5. Cathodes, cash £750, 50.5, three months £770.5, 771. Kerb: Wirebars cash £762.5, three months £782.5, 83, 83.5, 84. Afternoon: Wirebars cash £764, three months £784, 84.5, 84. Kerb: Wirebars, three months £784.5, 85, 85.5, 85, 84.5, 84, 85.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	761.5-2	+7.5	763.5-4	+4.75
3 months	782.5-3	+8	784-.5	+4.5
Settlem'nt	762	+7.5	—	......
Cathodes				
Cash	749-50	+8.25	750-1.5	+4.25
3 months	770-1	+8.75	771-.5	+5.75
Settlem'nt	750	+8.5	—	
U.S. Smt.	625		*72	

TIN—Lower after a quiet start to trading when forward metal was £7,815. The East ended the weekend higher. When a rise in warehouse stocks was confirmed the price drifted off and the backwardation narrowed. After trading around £7,780-£7,785, nervous bull liquidation came out and the close on the Kerb was £7,720. Turnover: 665 tonnes.

Morning: Standard cash £8,000, 7,990, three months £7,800, 7,780, 85, 90. Kerb: Standard three months £7,780, 90. Afternoon: Standard three months £7,790, 95, 70, 80, 55, 50. Kerb: Standard, three months £7,760, 55, 60, 65, 60, 50, 40, 35, 30, 20.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7990-8000	—45	7920-30	—80
3 months	7800-25	—37.5	7765-85	—45
Settlem't	8000	—50	—	......
Standard				
Cash	7990-8000	—45	7920-30	—80
3 months	7780-90	—32.5	7750-5	—32.5
Settlem't	8000	—50	—	......
Straits E.	£2085	+4	—	......
New York	—	......	—	......

LEAD—Slightly higher with the main price movements taking place in early trading when forward metal moved up from £418 to £425, responding to the fall in warehouse stocks. But this level could not be maintained in quiet Ring trading between £419.5 and £421. In the afternoon the range was £420-£424, helped by trade buying at £420, but once this had dried up the price slipped on the Kerb to close at £418.5. Turnover: 5,950 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	435.5-6	+2	435-7	+2
3 months	420.5-2	+4.5	420-1	+2
Sett.ment	436	+2	—	......
U.S. Spot	—	......	*36.66	......

Morning: cash £436, 37, 35, 33, 33, 36, 37, three months £423, 22.5, 22, 21.5, 21, 20, 19.5, 20.5, 21. Kerb: cash £437, three months £421, 21.5, 22. Afternoon: three months £424, 23, 22, 21, 20, 19.5, 20. Kerb: three months £421, 21.5, 22, 21, 20.5, 19.

ZINC—Moved narrowly with the pattern of trading on other markets the main influence. Thin buying, with sellers reluctant, caused forward metal to rise from £365 to £369.5 in the morning but this level was not maintained on the late Kerb when the price drifted to a close of £367.5. Turnover: 3,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	358.5-9.5	+6.25	356.5-7	+3
3 months	369-.5	+6	368.5-9	+4
S'ment	359.5	+6.5	—	......
Prim.west	—	......	*33.5-4.5	......

Morning: three months £369, 68.5, 69, 69.5. Kerb: three months £369, 70, 69.5, 70. Afternoon: cash £357.5, 57, three months £369.5, 69, 68.5, 69. Kerb: three months £369.

ALUMINIUM—Steady in quiet trading around £609-£610, with £611 touched at one stage. The close on the Kerb was £610. Turnover: 875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	—	......	—	......
3 months	609-.5	+1	609.5-10	+1

Morning: three months £609.5, 9, 9.5. Afternoon: three months £609.5, 610. Kerb: three months £610.

* Cents per pound. † SM per picul. ‡ On previous unofficial close.

COCOA

Cocoa prices remained steady throughout a featureless day, trading within a narrow range to close slightly lower than Friday's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	1560.0-62.0	—2.0	1572.0-56.0
March	2001.0-02.0	—1.0	2015.0-1998
May	2031.0-32.0	—7.0	2049.0-30.0
July	2053.0-56.0	—8.0	2055.0-54.0
Sept	2028.0-32.0	—7.50	2042.0-22.5
Dec	1990.0-98.0	—12.25	2010.0-2000
March	1988.0-2020	—0.50	

Sales: 1,594 (4,49) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price Nov. 3 176.14 (177.12). Indicator prices Nov. 3 15-day average 177.10 (176.50); 22-day average 174.62 (174.12).

COFFEE

ROBUSTAS meandered in a narrow range in featureless conditions with volume a yearly low, Drexel Burnham Lambert reports. Values were about unchanged on the day at the close.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1530-1532	+0.5	1532-1528
January	1456-1457	—2.8	1462-1453
March	1358-1359	—3.0	1364-1356
May	1317-1318	—5.0	1325-1316
July	1285-1290	—4.5	1290-1285
September	1260-1265	......	1265-1260
November	1234-1238	—2.0	—

Sales: 611 (2,013) lots of 5 tonnes.

ICO indicator prices for Nov. 2 (U.S. cents per pound): Colombian Mild Arabicas 173.00 (same); unwashed Arabicas 154.00 (same); other mild Arabicas 151.50 (151.67); Robustas ICA 1976 151.25 (151.50); Robustas ICA 1968 152.25 (156.25). Daily average 151.38 (151.59).

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat reported the Malaysian godown price was 261 (260.5) cents a kilo (buyer, November).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec	64.25-64.35	64.50-64.70	64.30
Jan	65.00-65.30	65.55-65.60	—
Jan-Mar	66.20-66.35	66.50-66.60	66.90
Apr-June	68.80-68.95	69.20-69.25	69.65-68.85
Jly-Sept	71.25-71.30	71.40-71.50	71.30-71.25
Oct-Dec	73.30-73.55	73.50-73.55	74.00-73.49
Jan-Mar	75.45-75.50	75.60-75.70	75.80-75.60
Apr-June	77.50-77.55	77.70-77.85	77.60-77.55
Jly-Sept	79.65-79.70	79.80-79.90	79.85-79.80

Sales: 318 (536) lots of 15 tonnes and 7 of 5 tonnes.

Physical closing prices (buyers) were: Spot 63.75p (same); Dec. 64.5p (64.25); Jan. 65.25p (previous unofficial).

Dec. 56.75 quoted transhipment east coast. EEC unquoted. Maize: U.S. French unquoted. French Nov. 102 Dec. 101 east coast. S. African White Jan.-Feb. 67.75 [illegible]. S. Africa Yellow Jan.-Feb. 67.75. Barley: English feed fob Dec. 86 Jan.-Mar. [illegible] east coast.

HGCA—Location ex-farm spot prices. Feed wheat: Cent. Scotland 89.40 Cambridge 84.00. Feed barley: Cent. Scotland 77.50 Cambridge 75.70.

The UK monetary coefficient for the week beginning November 13 will decrease to 1.254.

HGCA—Average ex-farm spot prices for week ending November 2. Other milling wheat—SE 87.50 SW 88.00, East 86.20, E. Midlands 87.00 W. Midlands 86.50 NE 88.10, NW 86.70 Scotland 90.20, UK 88.40 Change +0.40 Tonnage 7,765. Feed barley—SE 76.00 SW 77.70, East 76.50 E. Midlands 76.50 W. Midlands 76.70 NE 76.20, NW 75.50 Scotland 79.20 UK 76.70 Change +.50 Tonnage 22,500.

UK forward prices for delivery in Jan.: M wheat cereals 93.20 M wheat (other) 90.00, feed wheat 87.00 malting barley 98.50 feed barley 80.10. Deliveries in Feb.: M wheat cereals 95.40 M wheat (other) 92.50 feed wheat 89.60 malting barley 91.00 feed barley 80.80.

MARK LANE—Quiet and with little offered. Milling wheat delivered London area: Nov. 91.50 Dec. 93.00 Jan.-Feb.-March 96.75 April-May-June 100.50. Denatured quality Feed wheat delivered East Anglia Nov. 88.00 Dec. 89.00 Jan.-Feb.-March 92.00, April-May-June 96.00. Feed barley delivered East Anglia Dec. 81.75 Jan.-Feb.-March 84.25 April-May-June 86.25.

EEC DAILY IMPORT LEVIES—The following EEC levies and premiums are effective for Nov. 7 in units of account per tonne in order current levy plus Dec., Jan. and Feb. premiums (with previous in brackets). Common wheat—79.93, rest nil (80.14, rest nil). Durum wheat—122.54, rest nil (122.73, rest nil). Rye—82.64, rest nil (82.64, rest nil). Barley—86.22, rest nil (86.22, rest nil). Oats—81.49, rest nil (79.52, rest nil).

Maize (other than hybrid for seeding)—79.09, rest nil (79.09, rest nil). Buckwheat—1.61, rest nil (2.70, rest nil). Millet—46.90, rest nil (47.67, rest nil). Grain Sorghum—77.95, rest nil (77.95, rest nil).

Flour levies—Wheat or mixed wheat and rye flour—121.70 (123.39). Rye flour—127.21 (126.64).

SUGAR

LONDON DAILY PRICE (raw sugar) £109.00 (same) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £111.00 (£109.00).

Opening prices were some 50 points below previous Kerb levels and thereafter were contained within a narrow range throughout the day, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec	112.50-12.60	112.65-12.75	112.75-112
March	115.70-16.80	116.80-16.90	118.00-115
May	118.75-18.80	118.65-18.75	119.50-118
Aug	121.20-21.25	120.90-21.00	121.80-122.5
Oct	125.50-24.00	125.00-25.15	124.00-124

[illegible]

Veal: English fats 80.0 to 85.0: Dutch hinds and ends 92.0 to 85.0.

Lamb: English small 52.0 to 59.0, medium 52.0 to 56.0, heavy 46.0 to 52.0: Scotch medium 52.0 to 58.0, heavy 46.0 to 52.0. Imported frozen: NZ PL 56.5 to 58.0.

Pork: English, under 100 lbs 37.0 to 46.0 100-120 lb 38.0 to 44.0, 120-160 lb 35.0 to 43.0.

Partridges: Young (each) 200.00 to 24.0.

Grouse: Young best (each) 180.0 to 220.0.

MEAT COMMISSION average fatstock prices at representative markets on week ending November 4. GB cattle 67.25p per kg. lw. (+0.54); UK sheep 135.5p per kg. est. dcw (no change). GB pigs 65.5p per kg. lw. (−0.8). England and Wales—Cattle numbers up 0.2 per cent, average price 66.74p (+0.53); sheep up 25.1 per cent, average price 135.9p (+0.1); pigs up 3.2 per cent, average price 65.6p (−0.7). Scotland—Cattle numbers up 4.5 per cent, average price 68.32p (+0.24); sheep up 20.0 per cent, average price 131.4p (+1.9); pigs down 1.1 per cent, average price 65.9p (+0.7).

MEAT COMMISSION—Average fatstock prices at representative markets on November 6. GB—Cattle 67.50p per kg. l.w. (+0.64). UK—Sheep 134.9p per kg. est. d.c.w. (+0.1). GB—Pigs 65.8p per kg. l.w. (−1.2). England and Wales—Cattle numbers up 4.7 per cent, average price 67.45p (+0.55), Sheep down 3.4 per cent, average price 134.9p (+0.2), Pig down 1.1 per cent, average price 65.6p (−1.3). Scotland—Cattle up 16.0 per cent, average 69.43p (+0.2), Sheep down 7.6 per cent, average 132.6p (+2.1), Pig down 34.0 per cent, average 66.7p (+3.4).

COVENT GARDEN—Prices in sterling per package except where otherwise stated—Imported Produce: Lemons—Italian 120/150s new crop 5.50-6.20; S. African 4.00-7.00; Cyprus: Crates 7.00-7.50; Greek: 5.60. Oranges—S. African: Valencia Late 4.20-5.60; Brazilian: Valencia Late 4.20-4.50; Argentine: 4.50-5.40; Spania: Navelinas 4.50-5.00; Satsumas—Spania: Trays 2.50-2.80. Grapefruit—Dominican 7.00-4.20; Cyprus: 3.50-4.00; Israeli: Jaffa 4.20-4.55; Cuban: 5.00.

English Produce: Potatoes—Per 25 kilos 1.30-1.50. Lettuce—Per 12 round 1.20, Cos 1.20, Webbs 1.40. Cucumbers—Per tray 12/24s new crop 2.80-3.60. Mushrooms—Per pound 0.50-0.55. Apples—Per pound Bramley 0.08-0.09, Lord Derby 0.04, Cox's Orange Pippin 0.06-0.15, Worcester Pearmain 0.05, Russets 0.05-0.09, Spartan 0.06-0.08. Pears—Per pound Conference 0.08-0.14, Comice 0.12-0.16. Tomatoes—Per 12-lb English 2.60-2.70. Cabbages—Per crate 0.50-0.80. Celery—Per head 0.07-0.10. Cauliflowers—Per 12 Lincoln 1.00, Kent 1.80. Beetroot—Per 28-lb 0.60-0.70. Carrots—Per 28-lb 0.40-0.70. Capsicums—Per pound 0.35. Courgettes—Per pound 0.20. Onions—Per bag 1.70-1.80. Picklers 2.00-2.20. Swedes—Per 28-lb 0.50. Turnips—Per 28-lb 0.70-0.90. Parsnips—Per 28-lb 0.90. Sprouts—Per pound 0.04-0.05. Cobnuts—Per pound Kent 0.45. Corn Cobs—Each 0.10-0.12.

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 6 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (w/s)	$1,085-95	......	$1070-90
Copper cash W Bar	£763.75	+4.75	£748.5
3 months do. do.	£784.25	+4.5	£764.5
Cash Cathode	£750.75	+4.25	£732.75
3 months do. do.	£771.25	+5.75	£754
Gold Troy oz.	$210.875	+4.5	$222.37
Lead cash	£436	+2.0	£395
3 months	£420.5	+2.0	£393.75
Nickel		......	
Free Market c.i.f. (lb)	$1.76	......	$1.78
	1.88	......	1.90
Platinum troy oz.	£142	......	£130
Free Market	£168.4	—6.5	£149.25
Quicksilver (76lb.)	$122-27	......	$120-25
Silver troy oz.	292.55p	—0.7	295p
3 months	299.85p	—0.4	302.7p
Tin Cash	£7,925	—80.0	£7,025
3 months	£7,752.5	—32.5	£6,987.5
Tungsten (t)	$141.35	......	$141.8
Wolfram 22.04 cif.	$143-48	......	$141-45
Zinc cash	£356.75	+3.0	£341
3 months	£368.75	+4.0	£350.25
Producers	$720	......	$675
Oils			
Coconut (Phil)	$880t	......	$800
Groundnut		......	
Linseed Crude (r)	£361	......	£330
Palm Malayan	$617u	......	$615
Seeds			
Copra Philip.	$600r	......	$532.5
Soyabean (U.S.)	$292	+3.0	$277.8
Grains			
Barley			
Home Futures	£82.4	+0.2	£83.7
Maize			
French No. 3 Am	§	......	£105
Wheat			
No. 1 Red Spring	£93.5	+0.5	£93.45
No. 2 Hard Winter	£89.75z	+5.75	£84.5
English Milling	£91	......	£91
Cocoa shipment	£2,048	—2.0	£2,011
Future Mar	£2,001.5	—1.0	£1,984
Coffee Future			
Jan.	£1,456.5	—2.0	£1,526.5
Cotton 'A' Index	78.4c	+0.3	75.15
Rubber kilo	63.75p	......	62p
Sugar (Raw)	£109	......	£111
Woottops 64s kilo	272p	—2.0	275p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. o Sept. r Oct.-Nov. t Nov.-Dec. u Jan. w Dec. z Per ton. § Indicator prices.

Burma boosts commodities production

RANGOON, Nov. 6.

BURMA HAS increased its production of cotton, jute, sugar cane and tobacco.

Joint Industry Minister Tint Swe told a seminar for managers of State-owned industries here that the State Purchase Agency had bought 173,000 tonnes of cotton from farmers in the first nine months of this year compared with 114,000 tonnes in the same 1977 period. This would enable State industries to boost their output of textiles, he said.

Jute production for the year was estimated at 92,000 tonnes, against 54,000 tonnes last year. Official sources said Burma exported 14,200 tonnes of jute in the first six months of this year, while overseas sales in 1977 were negligible.

Tint said the latest crop forecasts indicated this year's sugar cane production would reach 582,000 tonnes against the country's need for 524,000 tonnes for its sugar mills.

Virginia tobacco production would increase by 100,000 tonnes to 297,000 tonnes this year.

Reuter

Paris cereals futures study

PARIS, Nov. 6

A PARIS Chamber of Commerce technical group is to study the feasibility of setting up an EEC cereals futures market here.

M. Jean Thèves, chairman of the chamber, told a Press conference a decision on the market will be taken in the coming months. Final proposals will have to be submitted for approval to the EEC Commission which has not opposed the principle of such a market.

The cereals futures market will probably be an extension of the interprofessional paper market, "Marche par Filieres," which is already operating in a limited way, trade sources said.

But it is hoped to improve the "filieres" market introducing the guarantee of the Banque Centrale de Compensation.

Reuter

PEPPER TAX CONFUSION

NEW DELHI, Nov. 6

THE Cochin pepper export market has virtually come to a halt over the interpretation of a new 6 per cent sales tax, the Press Trust of India reports from Cochin.

The Agency quoted an official of the local merchants union as saying the issue was who should pay the tax—the growers, traders or exporters.

He said Government officers were unable to clear the question since the order was imprecisely framed by the Kerala State Finance Ministry. The trade is seeking a meeting with the Finance Minister to clarify the issue.

Reuter

LEGAL NOTICES

No. 003406 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TWINEMOOR LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 24th day of November, 1978, presented to the said Court by CAPE BOARDS & PANELS LIMITED whose registered office is situate at Iver Lane, Uxbridge, Middlesex, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand London, WC2A 2LL on the 20th day of November, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
55-59 Oxford Street,
London, W1R 1RD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of November, 1978.

SILVER

Silver was fixed 0.7p an ounce lower for spot delivery in the London bullion market yesterday at 292.55p. U.S. cent equivalents of the fixing levels were: spot 577.5c, down [illegible]; three-month 592.6c, [illegible]; six-month 608.6c, [illegible]; and 12-month 636.3c, down 2.9c.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	292.55p	—0.7	296.2p	—1.5
3 months	299.85p	—0.4	303.5p	[illegible]
6 months	308.05p	—0.4	[illegible]	
12 months	324.1p	—0.4	[illegible]	

LME—Turnover 104 (327) lots of 10,000 ozs. [illegible]

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened 20p higher on wheat and 10p higher on barley. [illegible]

WHEAT Mnth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	88.70	+0.05	80.00	+0.20
Jan.	90.50	+0.05	82.40	+0.20
Mar.	92.85	+0.05	84.70	+0.20
May	95.30	+0.05	87.00	+0.20
Sep.	89.55	—0.15	83.50	+0.10

Business done—Wheat: [illegible]

IMPORTED—Wheat: CWRS No. 1 13½ per cent [illegible]

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 121 tonnes. [illegible]

SOYABEAN MEAL

[illegible]

MEAT/VEGETABLES

SMITHFIELD—Prices in pence a lb. Beef: [illegible]

WOOL FUTURES

LONDON—The market was quiet, reports Bache.

[illegible]

INDICES

FINANCIAL TIMES

Nov. 7	Nov. 2	Month ago	Year ago
267.18	266.93	267.69	236.70

(Base: July 1, 1952=100)

REUTERS

Nov. 6	Nov. 3	Month ago	Year ago
1556.1	1531.6	1512.8	1467.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 3	Nov. 2	Month ago	Year ago
Spot	393.35	395.12	380.12	375.87
Futures	395.48	393.25	385.52	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 3	Nov. 2	Month ago	Year ago
Spie Commdty	985.5	983.5	970.4	[illegible]

(December 31, 1931=100)

STOCK EXCHANGE REPORT

Small technical rally in lightest trade for 4 months lifts 30-share index 3.0 to 475.4—Short Gilts ease

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Investors viewed the continuing pay imbroglio and generally bleak news background yesterday with some uncertainty and decided against committing their funds. At the same time they appeared reluctant to dispose of stock after last week's fall in values and the reluctance of sellers induced a modest technical recovery in the industrial leaders.

Chartist suggestions that the equity market was probably now oversold and ripe for a short-term upward adjustment were not really an influence, but the steadier tone reflected also some hope that institutional and public buying interest might soon revive.

The October wholesale prices indices lent support to the firmer trend but the overall and disappointing level of business—bargains marked were the smallest for over four months—gradually caused disillusionment and a late easier tendency. Even the usual batch of week-end Press recommendations failed to generate much enthusiasm.

From a level 3.9 higher at the 11 am calculation, the FT Industrial Ordinary share index eased to close a net 3 points up at 475.4, while the broader-based FT-Actuaries All-share index rallied 0.7 per cent to 216.95. The banking sub-section improved 1.2 per cent to 190.60 helped by firmness in the main clearers following comment on profit prospects after last week's rise in base lending rates.

British Funds were not too discouraged by a generally unfavourable week-end Press. Although the shorter end of the market reacted slightly on fresh predictions of a pending rise in Minimum Lending Rate. Trade was again extremely small but interest was directed towards the Variable issues following Press mention. Corporations remained idle.

Improving to 79¾ per cent initially on dollar/sterling considerations, the investment currency premium subsequently drifted lower as interest waned to close only a fraction higher on the day at 77¾ per cent. Yesterday's SE conversion factor was 0.7379 (0.7320).

The quietest Monday's business in the Traded Option market since the beginning of July saw only 275 contracts completed. This compares with last Friday's 266 and Thursday's 1,020.

Banks higher

With sentiment still buoyed by last week's base lending rate increases, the major clearing banks moved further forward in the wake of Press comment. Best levels were not held but **Barclays** closed 5 to the good at 330p, after 332p, and **Lloyds** ended 3 dearer at 263p, after 265p. **Midland** also hardened 3 to 348p as did **NatWest** to 278p. Elsewhere, **Bank of Ireland** held 395p ahead of today's interim results. Merchant banks came on offer with **Arbuthnot Latham** and **Brown Shipley** both 5 off at 140p and 260p respectively.

Insurances took a modest turn for the better. An unsettled market of late on currency considerations, Brokers gained ground with improvements of 5 and 10 respectively recorded in **Matthews Wrightson**, 173p, and **C. E. Heath**, 245p. **Commercial Union** edged forward 3 to 138p among Composites where **Sun Alliance** gained 4 to 390p and **Royals** 3 to 342p.

Buildings usually made modest headway following a small trade. **Taylor Woodrow**, 410p, and **Richard Costain**, 234p, both improved a couple of pence, but **Tilbury Contracting** lacked support and lost 6 to 282p. Improved interim figures failed to stimulate *Tysons* which held at 25p and, despite the chairman's encouraging remarks on recovery prospects, **Helical Bar**, at 22p, gave back last Friday's gain of 2.

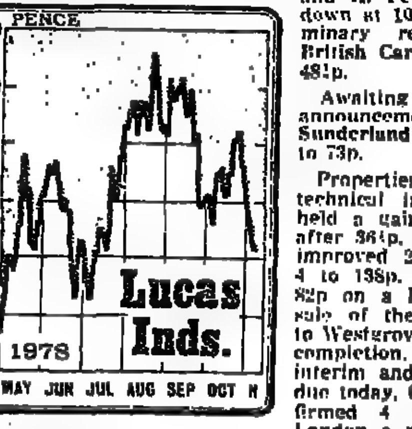
Lack of selling pressure allowed **ICI** and **Fisons** to edge narrowly higher to 360p and 318p respectively. Elsewhere, speculative counters **Bernard Wardle**, 30p, and *Plysu*, 105p, both eased a penny. A depressed market since the interim results and the chairman's remarks on current trading **Alginate** firmed 5 to 225p in response to the odd inquiry.

Stores plotted an irregular course in thin trading. The leaders hardened on technical influences with **Gussies A**, 296p, and **Mothercare**, 154p, both closing 2 up. Elsewhere, **Allied Retailers** added 5 to 102p in a thin market and jewellery concern **James Walker** put on 4 to 103p with the N/V 3 up at 92p. **Kunick** came in for support at 20½p, up 3 but *Martin the Newsagent* fell 7 to 216p on small selling and lack of support and **A. G. Stanley** *dipped* 4 to 160p. **Executex** opened and closed unchanged at 44p; the price in recent issues was incorrect.

Electricals gained ground in light trading. **Electrocomponents**, a dull market of late, rallied 13 to 280p, while gains of 3 were seen in **EMI**, 133p, and **Plessey**, 107p. **Decca A**, at 415p, regained 5 of the recent fall which followed the chairman's profits warning, while **Racal Electronics**, 322p, and **Farnell Electronics**, 380p, put on 8 apiece.

Aided by favourable weekend Press mention, **Vickers** moved ahead to close 6 higher at 194p. Other Engineering leaders tended a little firmer, despite a paucity of business. **John Brown** edged up 4 to 518p along with **GKN**, a similar amount dearer at 268p, while **Hawker** hardened 2 to 230p. Elsewhere, **Startrite**, 110p, and **Alcan Aluminium**, 142p, firmed 5 apiece, while **H. C. Slingsby** responded to the increased interim profits with a rise of 2 to 42p. On the other hand, **Chemring** gave up at 85p and **Jones Group** 4 to 63p. Among Shipbuilders, **Swan Hunter** traded firmly at 136p, but **Yarrow** closed 4 lower at 326p following the annual results.

Milling concerns eased on nervousness about the industrial action scheduled for today. **Associated British Foods**, preliminary figures due today, slipped 4 to



98p, while **RHM** closed a penny off at 50½p. Elsewhere in Foods, *Cartiers hardened 2 to 95p* following last week's loss of 12 on light profit-taking following the interim figures.

Sotherby up

The volume of business in the miscellaneous Industrial leaders again left much to be desired, but prices edged higher on technical influences. **Beecham**, 640p, and **Glaxo**, 540p, rose 7 and 5 respectively, while **Pilkington** added 3 at 285p. Down 35 last week on fears about its overseas earnings, **Reckitt and Colman** picked up 5 to 443p, while **Reed International** improved 2 to 150p *following Press comment*. Ahead of their interim statements due today and tomorrow respectively, *De La Rue* firmed 7 to 415p and **London and Northern** improved 3 to 37p. Press comment drew buyers' attention to **Sotheby Parke Bernet** which rose 10 to 310p, and to **Reed Executive**, up 4 at 80p. An investment recommendation helped **Valor** advance 2 to 30p and a renewed investment demand lifted **ICL** 10 to 425p. **Feedex** touched 34p in response to the higher interim earnings but ended unaltered at 33p. Following the cash offer worth 8p per share from S. and W. **Berisford**, dealings in **Turner Curzon** were resumed yesterday and the close was 8½p compared with the pre-suspension level of 11½p; **Berisford** closed 1 better at 155p. **G. R. Holdings** softened 5 to 103p, as did **Hunting Associates**, to 285p, and **Macfarlane**, to 79p.

The Motor sectors presented a rather mixed appearance. Up to 306p at one stage, **Lucas** eventually settled at 301p, down 4 on the day following annual results much in line with market expectations. Elsewhere in Components, **Bluemel** encountered occasional demand and put on 3 to 61p, while favourable Press mention prompted a rise of 1½ to 60p in **Wilmot Breeden**. Dull spots among Garages included **Appleyard Group**, 2 lower at 87p, and **H. Perry**, a similar amount down at 103p. Satisfactory *preliminary results*, however, left **British Car Auction** 1½ dearer at 48½p.

Awaiting today's interim announcement, **Portsmouth and Sunderland Newspapers** firmed 2 to 73p.

Properties staged a slight technical improvement. **English** held a gain of a penny at 38p, after 38½p, while **Land Securities** improved 2 to 228p and **MEPC** 4 to 198p. **Peachey** added 2 to 82p on a Press report that the sale of the Park West complex to Westgrove Securities is nearing completion. Awaiting respective interim and annual results, both due today, **Great Portland Estates** firmed 4 to 200p and **Allied London** a penny to 60p, but the mid-term *profits standstill* left **Property Partnerships** unchanged at 102p. Imminent interim trading statements left **Bradford** 5 easier at 240p and **Allnatt** 2 cheaper at 214p. Following the announcement that discussions which might have led to a bid have been terminated, but that *fresh discussions are taking place* with another party which may or may not lead to an offer, **Corn Exchange** hardened 3 to 228p. **Greencoat** firmed ½ to 9½p on the announcement that it had sold its controlling interest in the City of Aberdeen Land Association to Scottish Western Trust; *the last-mentioned is bidding 103½p per share for City of Aberdeen* which is expected to open today at around 93p compared with a *suspension price of 87p*.

Oils edge higher

Although trading volume remained at a low ebb, the absence of selling helped towards a firmer trend in the Oil sector. **British Petroleum** became a better market at 864p, up 6, and **Shell** edged up to close 5 dearer at 563p.

Lonrho returned to favour in Overseas Traders, rising 4 to 64p in belated response to Friday's announcement by the Director of Public Prosecutions that there is no justification for criminal proceedings against the company because of sanctions-busting.

Investment Trusts finished narrowly mixed with gains outnumbering falls by two to one. In Financials, **Dawnay Day** responded to Press comment with an improvement of 2 to 37p. **Brittania Arrow** closed without alteration at 14p, after 13p, following reports that a major management reshuffle is on the way. Stockjobbers **Akroyd and Smithers** eased 4 to a 1978 low of 202p reflecting the poor level of trade currently being experienced by the stock market, the *preliminary figures were announced on November 24 last year*.

Apart from a small speculative flurry in **Common Bros.**, 2 harder at 157p, Shippings lacked interest.

John Haggas opened higher at 175p and hardened a shade further to 176p before reacting to close at 168p, up 3 on balance, on uncertainty about the outcome of the talks with **Dawson International**, unaltered at 184p; an announcement is expected to be made at the end of the week. Elsewhere in Textiles, *David* **Dixon** continued firmly at 109p, up 4, while **Sirdar** firmed 3 to a peak for the *year of 93p*.

A combination of Cape selling and the implications of the recent sharp downturn in the bullion price gave South African industrials an easier appearance. **Greatermans A** were notably dull at 110p, down 20, while **Unisec**, 30p, and **Abercom Investments**, 90p, lost 2 and 3 respectively. *Against the trend, small buying in* a restricted market lifted **Anglo Transvaal** 7 to 112p.

Among Plantations, **Blantyre Tea** closed without alteration at 600p following the announcement that the shares are to be subdivided into four units.

Golds steady

Pushed lower in early trading by selling from Johannesburg, South African Golds steadied throughout the day, prompted first by Continental buying and latterly by the entry into the market of U.S. investors. The Gold Mines Index was up 3.2 at 135.1, and the ex-premium Index was up 2.1 at 99.7.

Initially, the market was unsettled by the sharper lower bullion price, but this steadied during the course of the day and closed $4.50 lower at $210.875 an ounce. Trading in the shares, however, was never very active and there was little thought that the market's recovery was the start of an aggressive rally.

Among the heavyweights, **Randfontein** moved ½ higher to £29, while **Hartebeest** were up ½ to £11½, and **FS Geduld** rose ½ to £13.

South African Financials also came up off the bottom with *De Beers* finishing 4 harder at 346p and **Anglo American** ending with a fall of 2 at 292p, after trading at 286p. Both shares responded to London portfolio buying.

Tins also had a low volume of business, but proces were easier throughout the list, reflecting the trend in the Far East, where there is concern about Malaysian state government attitudes in regard to renewal of mining leases. **Berjuntai**, the latest case in point, saw its shares fall 5 more to 225p, while **Malay Dredging** slipped 25 to 425p.

Australians tended to drift. Although Sydney was higher overnight, this was largely to align itself with the London prices of last Friday. There was *no follow-through* and business was at a low ebb.

Among Uraniums, in the wake of the Northern Land Council agreement with the Government, **Peko-Wallsend** eased 4 to 474p and **EZ Industries** were 2 softer at 230p. **Pancontinental** dropped 50 to 900p.

Diamond stocks did not respond to the latest Ashton venture progress report. **Conzinc Riotinto** lost 4 to 270p, and **Northern Mining**, one of the smaller partners, were also 4 down at 94p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	864	+6	926	720
Shell Transport	25p	10	563	+5	602	484
Haggas (J.)	10p	8	168	+3	177½	53
Lonrho	25p	8	64	+4	78	55
BATs Defd.	25p	7	233	—	304	227
De Beers Defd.	R0.05	7	346	+4	488	285
ICI	£1	7	360	+2	421	328
Marks & Spencer	25p	7	82	—	94	67½
Midland Bank	£1	7	348	+3	390	330
Plessey	50p	7	107	+3	125	87
Barclays Bank	£1	6	330	+5	368	298
GEC	25p	6	311	+2	340	232
Glaxo	50p	6	540	+5	648	513
GUS A	25p	6	296	+2	340	236
Trafalgar House	20p	6	114	+3	167	111

FINANCIAL TIMES STOCK INDICES

	Nov. 6	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 30	A year ago
Government Secs.	68.55	68.58	68.66	68.77	69.28	69.34	76.61
Fixed Interest	70.03	70.06	70.17	70.22	70.52	70.63	77.88
Industrial	475.4	472.4	472.4	478.2	478.9	484.4	460.4
Gold Mines	135.1	131.9	134.0	131.1	143.4	148.6	136.8
Gold Mines (Ex-$ pm.)	99.7	96.6	97.0	95.6	105.1	110.5	113.3
Ord. Div. Yield	5.71	5.75	5.75	5.66	5.67	5.60	5.66
Earnings, Y'ld% (full)	15.77	15.88	15.85	15.65	15.67	15.48	16.64
P/E Ratio (net) (*)	8.37	8.32	8.33	8.44	8.43	8.53	8.53
Dealings marked	3,938	4,685	5,106	4,577	4,638	4,337	5,172
Equity turnover £m	—	60.74	78.28	95.56	67.88	65.27	72.81
Equity bargains total	—	15,388	16,005	16,840	12,894	14,854	16,378

10 am 472.6. 11 am 476.3. Noon 475.7. 1 pm 475.8. 2 pm 475.6. 3 pm 475.8.
Latest Index 01-236 8026.
*Nil=6.15.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.55 (6/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.03 (6/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.4 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.5 (14/8)	90.5 (18/4)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Nov. 6	Nov. 3
Daily		
Gilt Edged	143.4	168.6
Industrials	132.2	148.3
Speculative	32.2	38.0
Totals	89.5	106.3
5-day Average		
Gilt-Edged	143.0	139.3
Industrials	158.7	163.6
Speculative	37.9	38.6
Totals	103.6	105.3

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Lex Service, Tesco, Brown and Jackson, UDT, English Property, Centr[illegible] and Sheerwood, Ladbroke Warrants, Burmah Oil, United Biscuit, Brook Street Bureau, Lonrho, London and Northern, Britainia Arrow, Cadbury Schweppes, Linfood, Automated Security and Letex, while puts were arranged in Stand[illegible], Associated Engineering, [illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	864p
BP	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons Gold	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			[illegible]		[illegible]		[illegible]	

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
BOC Intl.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	200	5	—	9½	—	16	—	
Boots	220	1½	10	5½	5	10	—	
EMI	140	14	—	17	30	24	6	
EMI	160	2	—	7	4	15	—	
EMI	180	½	—	3½	—	8	22	
Imperial Gp	90	½	—	2	50	2½	—	80p
RTZ	220	16	1	25	—	36	—	235p
RTZ	240	4½	11	14	—	22	—	
RTZ	260	1½	—	7	2	15	—	
Totals			27		105		27	

APPOINTMENTS

Shell Chemicals senior post

Mr. K. H. Walley has taken over as managing director of SHELL CHEMICALS UK and has also been made a managing director of Shell UK. He joined the Shell Group in 1952 and after holding appointments in Holland and at the Carrington Works UK, became head of the manufacturing economics and operations division of Shell Internationale Chemie Maatschappij BV, at The Hague in 1972 and two years later was made general manager base chemicals of that company.

Mr. K. H. Walley

Mr. Karl R. Van Horn, vice-president has been appointed by MORGAN GUARANTY TRUST COMPANY OF NEW YORK to head the bank's International Investment Group with headquarters in London from January 1, 1979. He will succeed Mr. C. Nicholas Potter, who has been named a senior vice-president and is returning to New York in charge of the bank's investment research department. Mr. Potter will become a member of the trust and investment committee of the bank.

★

Mr. Alastair MacTavish has been appointed to the newly-created position of commercial manager, and director designate, to HELLERMANN INSULOID, a member of the Bowthorpe-Hellermann Group.

The DIVERSEY CORPORATION, recently acquired by Molson Companies of Canada, has made the following appointments: Mr. Ron Thompson, formerly general manager in the UK moves to London from Northampton to directly assist Mr. A. E. Preston, vice-president Europe, Africa and the Middle East. Mr. Mark Steer, who was finance director, becomes general manager, UK operations.

★

Mr. C. G. Moss, a director of Balfour Beatty, has been elected chairman of the RAILWAY INDUSTRY ASSOCIATION in succession to Mr. J. Legg.

★

Mr. E. P. Lee has been appointed managing director of PARABRAS. He was previously with Hollander Hyams.

★

Mr. D. Mayman, at present financial director of BAIRD TEXTILE HOLDINGS, has been appointed assistant managing director.

★

Mr. Norman Pearson has been appointed to the newly-created board post of sales director of TECHNO PACK ENGINEERING COMPANY. Mr. Pearson is the national chairman of the British Bottlers' Institute.

★

Mr. John R. Storar, a director of MITCHELL COTTS GROUP since 1973, has been appointed non-executive deputy chairman.

★

ENGLISH ELECTRIC VALVE COMPANY states that Mr. Paul Plurien has been nominated president of EEV Inc. and EEV Canada.

★

Mr. W. H. Jones, new chief executive of LOW AND BONAR UK PACKAGING division, has been appointed to the Boards of four companies within the division. The companies, which are all based at Bury, Lancashire, are Bibby and Baron Holdings, Bibby and Baron, Bibby and Baron Cartons and John Wild and Sons.

★

Mr. A. H. Dunn has become a director of MORGAN GRENFELL AND CO., and Mr. M. P. Douglas has been made a director of MORGAN GRENFELL INVESTMENTS.

★

Mr. Robert Haslam, a main board member of Imperial Chemical Industries, has joined the board of TATE AND LYLE as a non-executive director.

★

Mr. Ronald H. Chambers has been appointed deputy chairman of ROBERT WILSON. He continues as chief executive of the group.

★

Mr. Derek E. Philpot has been appointed a director of LONDON AND MIDLAND INDUSTRIALS.

★

Mr. Howard Jefferson has been appointed regional director of DOWDING AND MILLS (NORTH EASTERN).

★

Mr. David J. C. Ealock has been appointed a director of DAF DIESEL.

★

Mr. Keith G. Holden, director of operations with ULTRA ELECTRONICS (COMPONENTS), has been appointed managing director, designate.

★

The Secretary for Transport has extended the appointment of Mr. R. L. E. Lawrence as a vice-chairman of the BRITISH RAILWAYS BOARD until December 31, 1981.

★

Mr. Christopher Power has joined CAMBRIDGE MEDICAL INSTRUMENTS as managing director to replace Mr. Brian Smale-Adams, who has left the Cambridge Instrument Group. Mr. Power was formerly general manager of the audio products division of STC, a subsidiary of International Standard Telephone.

★

CHASE MANHATTAN has appointed three executive directors to expand its international financial activities. They are Mr. Michael Hofmann, Mr. Douglas McMillan and Mr. William Steen.

★

Mr. Roger Barnett has been appointed manufacturing director of FEEDBACK DATA. He will retain his present position of production director of Feedback Instruments.

★

Mr. W. R. Fairhall has been appointed general manager, corporate planning department of TURNER AND NEWALL in succession to Mr. R. Small, who is now joint managing director of T and N subsidiary, STOREY BROTHERS AND CO. Mr Fairhall was previously projects and planning manager of Tube Investments' engineering division.

★

Mr. Brian Cradick has become property director of A. G. STANLEY. He was formerly property manager.

★

Mr. Kevin Fleming has been appointed conference director for CHANNEL OFFSHORE '80, the international exhibition at the Ocean Terminal in the Port of Southampton to be held February 19-22, 1980. Its organiser is Solent Exhibitions of Bournemouth.

★

Mr. William M. Mason has relinquished his position as a director of the SKIPTON BUILDING SOCIETY and Mr. Harry G. Fell has been appointed to fill the vacancy on the Board. Mr. Fell is chairman and joint managing director of Robert Fell and Sons.

★

Mr. G. R. J. Bond is to relinquish his position as managing director of MARDON ILLINGWORTH on November 30, because of ill-health, but will remain on the Board. Mr R. E. Illingworth, who was managing director of Mardon Illingworth until October 1975, will re-assume that post from the beginning of next month. At the same time Mr. C. T. Maplestone is to succeed Mr Illingworth as managing director of Thomas Forman and Sons and Mr. C. D. H. Harvey will replace Mr. Maplestone as financial director and secretary of the company. Mr. R. B. Layet will take over from Mr Harvey as group secretary of Mardon Packaging International.

★

Mr. Stuart W. Heap has been appointed financial director in the international A-V and consumer division of BELL AND HOWELL. He was previously financial director in the company's international business equipment division, which he joined in 1970.

★

Mr. Phillip Sykes has been appointed a non-executive director of YORKSHIRE FINE WOOLLEN SPINNERS. Mr T. D. Griffiths and Mr W. T. Briggs have become directors of John Woodhead, a subsidiary, and Mr. J. B. Taylor has joined that company as secretary. Mr Sykes is chairman of Sykes Booth and Co.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (3)

BUILDINGS (1)
Fed. Land.

STORES (1)
Kunick

TEXTILES (1)
Sirdar

NEW LOWS (39)

BRITISH FUNDS (13)
Treas. 10½pc 1979, Treas. 14pc 1982, Treas. 9½pc 1980, Treas. 8½pc 1982, Excheq. 13pc 1980, Excheq. 9½pc 1982, Treas. 3½pc '79-81, Excheq. 8¾pc 1983, Excheq. 9½pc 1981, Excheq. 10pc 1983, Excheq. 12pc 1981, Excheq. 12pc 2013-17, Treas. 8¼pc 1980-82

INTERNATIONAL BANK (1)
5pc Stock 1977-82

CORPORATION LOANS (1)
Birmingham 9½pc 1979-81

FOREIGN BONDS (1)
Ireland 9½pc 1991-96

BANKS (1)
Arbuthnot Latham

BUILDINGS (1)
Higgs & Hill

STORES (1)
Martin The Newsagent

ELECTRICALS (1)
Borec

ENGINEERING (3)
CompAir, Jones Grp., Richardsons Westgarth

FOODS (1)
Danish Bacon A

INDUSTRIALS (6)
BR & EA, Crosby House, E.C. Cases, Myson, Turner Curzon, Whiteley (B.S. & W.)

LEISURE (1)
Black & Edgington

SOUTH AFRICANS (1)
Unisec

TRUSTS (2)
Wemyss Inv., Akroyd & Smithers

OILS (1)
LASMO

MINES (4)
Elsburg, East Rand Cons., Messina, Cons. Murch.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	24	51
Corpns. Dom. and Foreign Bonds	2	8	56
Industrials	303	285	962
Financial and Prop.	124	64	317
Oils	16	6	21
Plantation	—	8	23
Mines	45	47	51
Recent Issues	4	5	21
Totals	497	438	1,581

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
44½	F.P.	24/11	[illegible]	44	Arncliffe Hldgs.	44		[illegible]	[illegible]	8.7	7.1
101	F.P.	22/11	[illegible]	345	Ferranti New	362	+2	[illegible]	[illegible]	2.4	9.5
‡‡	F.P.	24/11	[illegible]	29	Manor Nat. Grp. Motrs.	29½	+½	[illegible]	1.6	10.8	10.2
‡‡	F.P.		[illegible]	[illegible]	[illegible]	115					4.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
£105	F.P.		104p	104p	[illegible] 10% Pref.	104pm	
£99	F.P.		[illegible]	[illegible]	[illegible] Variable 1982	99¾	
*	£10	4/1	[illegible]	9¾	Bristol Waterworks 7% Pref. 1983	9¾	−¼
£100	nil	16/11	2pm	2pm	Crosby House 10% Conv. [illegible]	2pm	
‡‡	F.P.	1/12	110p	100p	[illegible] Conv. Pref.	108p	
£99	F.P.	29/9	[illegible]	[illegible]	[illegible] 14% 1st Deb. 2006	99	
	nil		2½pm	1pm	Hongkong Land 8% Loan	1pm	
£100	F.P.	8/12	[illegible]	[illegible]	Howard & Wyndham [illegible]	100	−½
	F.P.	26/10	[illegible]	119	[illegible] Laundries 12% Conv. [illegible]	125	
£97½	£10	25/1	[illegible]	[illegible]	Rickmansworth & Uxbridge Water [illegible]	9¼	
‡‡	F.P.		[illegible]	[illegible]	Rightwise [illegible] Conv. [illegible]	[illegible]	
£99½	£50	10/1	[illegible]	47	Southwark Corp. 12½% Red. 1987	47¼	
£97½	£10	26/1	[illegible]	[illegible]	West Kent Water 7% Pref. 1983	9½	

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p.	+ or −
50p	Nil	1/12	24/11	[illegible]	[illegible]	[illegible]	35pm	
55	F.P.	30/8	24/11	[illegible]	59	Blackwood Hodge	60	
12	F.P.	18/10	30/11	[illegible]	13½	Chance Ware	14½	
265	F.P.	8/10	17/11	[illegible]	[illegible]	[illegible]	307	
88	Nil			19pm	17pm	Fothergill & Harvey	17pm	−1
60	F.P.	6/10	10/11	[illegible]	[illegible]	Howden Group	81	
56	F.P.	25/10	14/11	[illegible]	45	[illegible]	58	−2
155	Nil	8/11	8/12	41pm	21pm	Time Products	24pm	−5
12	F.P.	27/10	17/11	14	[illegible]	Yorkgreen	14	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Nov. 6, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Nov. 3 Index No.	Thurs. Nov. 2 Index No.	Wed. Nov. 1 Index No.	Tues. Oct. 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	229.35	+0.7	16.99	5.47	8.08	227.83	229.24	231.53	233.46	202.27
2	Building Materials (27)	195.66	+0.5	18.07	5.79	7.61	194.66	196.97	199.16	201.77	189.42
3	Contracting, Construction (28)	364.78	+0.2	20.14	4.39	7.13	363.92	364.56	362.79	367.53	328.86
4	Electricals (14)	529.22	+1.1	13.71	3.50	10.08	523.40	526.33	539.98	539.29	439.27
5	Engineering Contractors (14)	357.51	+0.9	18.14	6.08	7.47	354.32	355.06	354.28	362.99	273.88
6	Mechanical Engineering (72)	180.35	+0.4	18.53	6.07	7.23	179.62	180.64	181.45	183.29	156.34
8	Metals and Metal Forming (16)	164.27	+0.7	16.26	8.70	8.52	163.09	164.11	164.53	165.88	154.92
	CONSUMER GOODS										
11	(DURABLE) (53)	201.01	+0.6	17.07	5.29	8.18	199.80	202.65	202.86	205.68	193.15
12	Lt. Electronics, Radio, TV (16)	247.01	+1.3	14.83	4.15	9.45	243.84	248.54	247.48	249.85	233.99
13	Household Goods (12)	171.53	−0.4	17.36	6.63	7.93	172.19	174.11	175.16	178.79	180.58
14	Motors and Distributors (25)	120.23	−0.3	20.73	6.89	6.72	120.61	121.43	122.48	124.85	116.43
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	202.64	+0.3	16.42	6.11	8.19	201.96	202.27	204.35	205.53	197.08
22	Breweries (14)	222.08	+0.1	15.06	6.39	9.13	221.95	221.63	222.72	223.95	233.94
23	Wines and Spirits (6)	268.28	+1.0	15.87	5.36	9.40	265.72	266.92	269.31	268.87	221.88
24	Entertainment, Catering (17)	253.27	+0.8	14.43	6.95	10.11	251.31	251.65	254.89	257.75	247.09
25	Food Manufacturing (19)	198.28	−0.4	19.53	5.50	6.78	199.01	199.10	200.64	201.58	198.15
26	Food Retailing (15)	217.33	−0.1	13.87	4.74	10.03	217.44	217.12	218.14	219.71	223.37
32	Newspapers, Publishing (12)	373.97	−0.4	21.13	6.47	6.69	375.66	378.38	380.66	385.13	321.15
33	Packaging and Paper (15)	132.64	+0.7	19.42	7.51	6.78	131.77	132.40	134.43	135.63	120.46
34	Stores (40)	191.75	+0.4	11.89	4.90	12.12	190.97	190.23	192.68	193.97	193.25
35	Textiles (25)	173.41	+0.9	19.20	8.38	6.76	171.82	174.25	174.57	176.18	164.98
36	Tobaccos (3)	222.30	+0.7	24.76	8.44	4.78	220.85	223.33	227.38	226.97	[illegible]
37	Toys and Games (6)	97.29	+0.5	23.30	6.64	5.02	96.81	97.27	98.19	100.78	[illegible]
41	OTHER GROUPS (98)	194.61	+0.6	16.09	6.24	8.00	193.39	194.27	195.54	197.81	[illegible]
42	Chemicals (19)	273.73	+0.5	16.74	6.91	7.77	272.36	273.90	276.48	280.13	[illegible]
43	Pharmaceutical Products (7)	247.59	+1.0	11.41	4.18	10.66	245.22	246.26	249.54	248.73	257.42
44	Office Equipment (6)	128.21	+0.8	18.95	5.95	6.29	127.21	127.33	127.38	128.74	[illegible]
45	Shipping (10)	410.93	—	15.13	7.36	8.44	410.86	412.05	413.59	414.71	[illegible]
46	Miscellaneous (57)	209.62	+0.6	17.96	6.70	7.41	208.28	209.27	209.53	213.98	[illegible]
49	INDUSTRIAL GROUP (495)	213.83	+0.5	16.53	5.92	8.11	212.74	213.67	215.51	217.33	[illegible]
51	Oils (5)	493.22	+0.8	14.17	4.08	7.66	489.32	491.01	495.46	494.52	[illegible]
59	500 SHARE INDEX	237.98	+0.6	16.17	5.64	8.04	235.77	236.77	238.83	240.47	[illegible]
61	FINANCIAL GROUP (100)	161.38	+1.0	—	6.03	—	159.74	159.12	159.66	160.45	[illegible]
62	Banks (6)	190.60	+1.2	24.49	6.15	6.13	188.27	185.44	184.28	184.83	[illegible]
63	Discount Houses (10)	201.10	—	—	8.75	—	201.10	200.75	205.32	205.66	[illegible]
64	Hire Purchase (5)	143.16	−0.2	17.02	5.76	7.75	143.44	142.75	143.85	147.68	[illegible]
65	Insurance (Life) (10)	127.81	+0.9	—	7.35	—	126.69	126.07	126.76	127.03	[illegible]
66	Insurance (Composite) (7)	117.82	+1.4	—	7.44	—	116.23	116.58	117.18	117.46	[illegible]
67	Insurance Brokers (10)	311.54	+1.5	15.23	5.32	9.39	306.79	306.84	308.39	310.60	[illegible]
68	Merchant Banks (14)	76.95	−0.3	—	6.32	—	77.17	77.22	77.26	78.68	[illegible]
69	Property (31)	250.20	+0.9	3.48	2.94	49.05	248.02	248.83	251.63	253.67	[illegible]
70	Miscellaneous (7)	106.27	−0.1	23.81	7.91	5.44	106.40	105.98	106.57	106.38	[illegible]
71	Investment Trusts (50)	200.95	+0.4	—	5.24	—	200.15	201.37	[illegible]	204.07	[illegible]
81	Mining Finance (4)	102.45	+1.1	18.35	6.95	6.71	101.37	102.96	104.62	105.14	[illegible]
91	Overseas Traders (19)	312.76	+1.3	15.86	7.39	7.91	308.70	311.72	311.53	317.19	[illegible]
99	ALL-SHARE INDEX (673)	216.95	+0.7	—	5.75	—	215.54	216.26	217.82	219.40	[illegible]

	FIXED INTEREST PRICE INDICES — British Government	Mon. Nov. 6	Day's change %	xd adj. Today	xd adj. 1978 to date
1	Under 5 years	102.85	−0.08	0.21	8.10
2	5-15 years	112.96	+0.01	0.46	8.07
3	Over 15 years	116.84	+0.02	0.33	12.59
4	Irredeemables	120.67	[illegible]	[illegible]	[illegible]
5	All stocks	110.14	−0.02	0.30	9.85

	FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.		Mon. Nov. 6	Fri. Nov. 3	Year ago (approx.)
1	Low Coupons	5 years	9.51	9.47	6.78
2		15 years	11.26	11.27	9.85
3		25 years	12.09	12.09	10.47
4	Medium Coupons	5 years	12.48	12.45	9.57
5		15 years	12.51	12.51	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	12.62	12.58	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	13.15	13.15	[illegible]
10	Irredeemables		12.05	12.04	[illegible]

		Mon. Nov. 6 Index No.	Yield	Friday Nov. 3	Thurs. Nov. 2	Wed. Nov. 1	Tues. Oct. 31	Mon. Oct. 30	Friday Oct. 27	Thurs. Oct. 26	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.13	13.32	56.16	56.13	56.16	56.18	57.12	56.49	56.68	62.19
16	Investment Trust Prefs. (15)	51.68	13.45	51.70	51.68	51.68	51.68	51.09	51.27	51.38	56.37
17	Coml. and Indl. Prefs. (20)	71.90	12.99	72.00	71.80	71.80	71.80	72.00	72.04	72.28	77.93

§ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80 Gatehouse Rd, Aylesbury. 0296 5941

Abbey Capital	33.3	35.4	+0.2	4.41
Abbey Income	40.0	42.5	+0.2	6.28
Abbey Inv. Tst. Fd.	34.5	36.7	...	4.38
Abbey Gen. Tst.	45.3	48.2	+0.3	4.30
Equitas Prog. Tst.	65.0	68.6	+0.5	5.01

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	65.8	70.4	+0.2	5.75
Brit. Inds. Fund	63.9	68.4	+0.5	5.64
Grth. & Inc.	36.1	38.6	+0.1	5.44
Elect. & Ind. Dev.	33.9	36.3	+0.2	4.88
Allied Capital	67.6	72.3	+0.2	4.70
Hambro Fund	105.9	113.3	+0.6	5.38
Hambro Acc. Fd.	120.7	129.1	+0.9	5.09

Income Funds

High Yield Fd.	71.1	76.1	-0.1	8.28
High Income	65.6	70.2	...	7.85
A.H. Eq. Inc.	39.2	41.9	+0.1	7.16

International Funds

International	25.7	27.5	-0.1	2.47
Pacific Fund	47.3	50.6	-0.4	1.98
Secs. Of America	49.6	53.1	+0.4	2.17
U.S.A. Exempt	88.1	92.7	-0.7	1.62

Specialist Funds

Smaller Co.'s Fd.	36.6	39.2	-0.1	4.72
2nd Smlr. Co.'s Fd.	46.5	49.8	-0.2	4.78
Recovery Sits.	95.5	102.2	+0.1	5.04
Met. Min. & Cdty.	40.0	42.8	-0.2	5.35
Overseas Earnings	57.8	61.8	+0.4	4.69
Expt. Smlr. Co.'s	234.0	246.3	-1.0	4.87

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	53.6	57.8	4.82

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	175	185	9.09

Arbuthnot Securities Ltd. (a)(c)

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	42.0	45.2	+2.2	1.50
Capital Tst.	129.8	138.0	...	5.51
Income Tst.	109.2	116.0	...	6.66
Int. Growth Fd.	109.8	116.8	...	2.38
Do. Accum.	114.4	121.6	...	2.38

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. (0306) 5055

Friends Prov. Uts.	42.2	45.1	+0.2	4.84
Do. Accum.	55.7	59.5	+0.3	4.84

G.T. Unit Managers Ltd.
16, Finsbury Circus EC2M 7DD. 01-628 8131

G.T. Cap. Inc.	80.7	85.8	...	3.50
Do. Acc.	97.7	103.9	...	3.50
G.T. Inc. Fd. Un.	158.7	168.8	...	8.60
G.T. U.S. & Gen.	120.5	128.1	...	2.80
G.T. Japan & Gen.	91.4	96.2	...	1.10
G.T. Pens. Ex. Fd.	144.8	152.8	...	3.60
G.T. Int'l. Fund	153.6	163.4	...	1.80
G.T. Four Yds. Fd.	57.8	61.4	...	7.10

G. & A. Trust (a)(g)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	32.0	34.2	+0.2	4.85

Gartmore Fund Managers (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(a)American Tst.	24.1	25.9	+0.4	0.10
British Tst. (Acc.)	55.9	60.1	+0.3	3.49
Commodity Share	151.4	162.8	-0.3	3.72
Extra Income Tst.	24.5	26.3	...	8.77
(a)Far East Trust	38.0	40.9	-0.2	0.47
High Income Tst.	59.1	63.6	...	9.21
Income Fund	69.9	75.2	...	7.63
Ins. Agencies	13.49	14.39	+0.06	3.46
Intl. Exempt Fd.	88.9	94.6	+0.4	5.38
(a)Intl. Tst. (Acc.)	31.5	33.9	...	0.92

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3, Frederick's Pl., Old Jewry, EC2. 01-588 4111

(a)A.G. Income	41.2	44.4	-1.0	7.40
(a)A.G. Growth	37.7	40.7	...	6.50

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	21.2	22.9	2.95
Accum. Units	24.7	26.9	2.95
J. Finlay Income	33.2	35.9	8.94
J. Finlay Euro. Fin.	26.6	28.6	2.37
Accum. Units	30.8	36.5	2.37
J. Finlay Fd. In. Tst.	28.2	30.7	4.60
Accum. Units	32.6	35.3	4.60

Prices Nov. 1. Next dealing Nov. 8

Income	51.9	55.9	...	6.70
Do. Accum.	60.6	65.2	...	6.70
International	42.6	46.1	...	2.55
Do. Accum.	45.5	49.1	...	2.55
High Yield	61.7	66.4	+0.1	8.63
Do. Accum.	67.3	72.4	+0.1	8.63
Equity Exempt*	104.0	109.7	...	5.77
Do. Accum.*	104.0	109.7	...	5.77

*Prices at Oct. 31. Next dealing Nov. 30

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 10.37%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Jardine S.E.A. SUS20.89
Jardine Flem. Int. HK$12.48
Intl. Pac. Secs. Inc. HK$15.80
Do. Accum. HK$15.96
NAV Oct. 14. *Equivalent $US89.44
Next sub. Oct. 31

TMT Ltd. Oct. 12 £11.11 11.40

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. $US15.61 -0.09

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	$22\frac{1}{2}$	......	—	—
41	33	Do 5pc Pref	41	......	—	—
98	98	Chilean Mixed	98	......	—	£3 09
415	350	German Yng. 4½pc	411	......	$4\frac{1}{2}$	—
54	46	Greek 7pc Ass.	50	......	$3\frac{1}{2}$	£7 25
51	46	Do 6pc 28 Stab Ass	49	......	6	£6.22
44	40	Do 4pc Mixed Ass	40	......	4	£5 08

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 35¾% (based on US$1.9894 per £)
Conversion factor 0.6270 (0.7250)

CANADIANS

S.E. List Premium 35¾% (based on $2.3126 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel. 240 555
Birmingham: George House, George Road. Telex 338650 Tel. 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel. 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel 362 508
Madrid: Espronceda 32, Madrid 3. Tel 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel. 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel. 554667
Leeds: Permanent House, The Headrow. Tel 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	10	.....	—	—	—
140	64	Bougainville 50 Toea	122	−1	†Q8c	1.4	4.1
131	63	BH South 50c	118	−1	—	—	—
820	350	Central Pacific	330	.....	—	—	—
336	148	Conzinc Riotinto 50c	270	−4	‡Q10c	2.2	‡
27	9½	Endeavour 20c	20	.....	—	—	—
75	45	G.M. Kalgoorlie $1	63	.....	—	—	—
68	18	Hampton Gold N.L.	30	.....	—	—	—
140	81	Hampton Areas 5p	120	.....	t3.55	2.0	4.4
40	10	Metals Ex. 50c	28	+1½	—	—	—
223	125	M.I.M. Hldgs. 50c	193	−2	Q9c	1.7	2.9
22	10	Mincfield Expl	15	.....	—	—	—
40	10	Mount Lyell 25c	32	.....	—	—	—
7	1½	Newmetal 10c	5¾	.....	—	—	—
143	79	North B. Hill 50c	106	−1	Q8c	1.3	4.7
16½	8½	Nth. Kalgurli	14½	+½	—	—	—
50	12	Nth. West Mining	23	.....	—	—	—
178	117	Oakbridge $A1	125	.....	Q12c	1.9	11.1
42	10	Otter Expl. N.L.	26	.....	—	—	—
70	30	Pacific Copper	58	.....	—	—	—

TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-U.K. residents.

High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$11	+⅝	Q170c	1.8	17.9
$11¼	850c	East Drie R1	860c	+10	†Q78c	1.7	10.5
585c	330c	East Rand Prp. R1	400c		—	—	—
$28⅞	$16⅝	F.S. Geduld 50c	$18¼xd	+⅛	Q315c	ϕ	19.4
$15⅝	975c	Pres. Brand 50c	$11½	+¾	Q150c	ϕ	15.7
$13⅜	900c	St. Helena R1	975c	+63	Q190c	ϕ	22.5
465c	313c	Stilfontein 50c	400c		†Q22c	2.3	6.3
$22½	$16⅛	Vaal Reefs 50c	$18	+⅞	Q115c	3.3	7.4
$37	$25	West Drie R1	$29⅛	+⅛	Q385c	1.7	15.2
$31¼	$19¼	West Hldgs. 50c	£23¼xd	+¼	Q415c	ϕ	20.6
$12½	895c	Western Deep R2	£10	......	Q82.5c	2.4	9.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax free to non-residents on application.
- Figures or report awaited.
- Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. T Figures assumed. Z Dividend total to date. Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ex dividend; ex scrip issue; ex rights; ex all; ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday November 7 1978

BP and Total end petrol subsidy

By Kevin Done, Energy Correspondent

BRITISH PETROLEUM and Total are withdrawing financial subsidies from all their filling stations with immediate effect today, pushing up petrol prices at hundreds of garages by as much as 5p a gallon.

This latest attempt by the oil companies to stem the losses from their petrol marketing operations was started yesterday by Mobil. It is being watched closely by Shell and Esso, the two market leaders who could also announce the withdrawal of subsidies later this week.

BP, together with its subsidiary National Benzole, holds about 16 per cent of the UK petrol market with 5,200 service stations.

In common with all the other oil companies it has been subsidiary petrol sales at hundreds of its filling stations, particularly in urban areas. The result has been that last year it could only break even on its marketing operations. BP Oil made no return on capital assets of £500m.

Total, the French oil company, told its retail outlets yesterday that it had been losing money on petrol sales throughout the dealer network.

It has stopped all financial support to dealers and has advised them to charge prices which guarantee adequate profits. The subsidies have amounted to about 2p-3p a gallon in many cases.

Withdrawal of the support could push up the price of a gallon of BP and Total four-star in many urban areas from about 74p to 79-80p.

Total has about 4.5 per cent of the UK petrol market with about 900 retail outlets.

Without subsidies, filling stations offering four-star petrol at 74p would be selling at cost.

For months the oil companies have been threatening to withdraw financial support but they have been afraid of losing sales in a very competitive market.

Whether this latest move by Mobil, Total and BP takes hold will largely depend on the response of Esso and Shell, which together control more than 40 per cent of the market with 12,700 outlets.

Whatever action they take petrol prices could rise further next year if the OPEC countries decide in December to raise the price of crude oil by the expected 5 to 10 per cent. The price of refined oil products has been rising already in international markets because of increased demand.

By the spring petrol could be selling in Britain at about 85p a gallon, but this would still be substantially cheaper than in most other West European countries.

Weather

UK TODAY

DRY in E, some rain in W.

London, E. Anglia, Midlands, S.E., Central S., East, Cent. N. England, Channel Isles
Dry, sunny periods developing. Max. 14C (57F).

S.W. England, S. Wales
Some rain. Max 14C (57F).

N. Wales, N.W. England, Isle of Man, S.W. Scotland, N. Ireland
Bright at first, rain later. Wind S. to S.E., mostly strong. Max. 13C (55F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Dry, sunny periods developing. Max. 12C (54F).

Glasgow, Argyll, N.W. Scotland
Mostly dry, bright intervals. Wind strong, coastal gales. Max. 13C (55F).

Outlook: Mostly dry after rain in W.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	Fg	7	45	Madrid	S	16	61
Athens	C	15	59	Manchstr.	S	13	55
Bahrain	S	26	80	Melbourne	C	19	66
Barcelona	S	18	64	Mexico C.	S	21	70
Beirut	S	23	73	Milan	C	7	45
Belfast	C	12	54	Montreal	C	14	58
Belgrade	C	6	43	Moscow	Sn	1	34
Berlin	R	8	46	Munich	C	2	36
Brmghm.	C	11	52	Newcastle	F	9	48
Bristol	C	11	52	New Delhi	S	27	81
Brussels	C	9	48	New York	S	18	65
Budapest	C	5	41	Oslo	C	11	52
B. Aires	S	20	68	Paris	S	12	54
Cairo	S	25	75	Perth	F	18	64
Cardiff	C	11	52	Prague	C	5	41
Chicago	C	7	45	Reykjavik	F	5	41
Cologne	C	9	48	Rio de J'o	S	[illegible]	[illegible]
Copnhagn.	C	12	54	Rome	S	17	63
Dublin	F	13	55	Singapore	C	30	[illegible]
Edinbrgh	F	13	55	Stockholm	F	11	[illegible]
Frankfurt	C	8	46	Strasbrg.	S	10	50
Geneva	C	6	43	Sydney	R	[illegible]	70
Glasgow	C	13	55	Tehran	S	10	[illegible]
Helsinki	S	5	41	Tel Aviv	S	24	75
H. Kong	S	23	[illegible]	Tokyo	C	19	66
Jo'burg	C	20	68	Toronto	C	11	52
Lisbon	R	17	63	Vienna	C	5	41
London	C	11	52	Warsaw	C	9	48
Luxembrg.	C	8	46	Zurich	C	5	41

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Jersey	S	12	54
Algiers	S	23	73	Las Plms.	F	28	82
Biarritz	S	20	68	Locarno	S	11	52
Blackpool	C	11	52	Majorca	F	20	68
Bordeaux	S	17	63	Malaga	S	20	68
Boulogne	C	9	48	Malta	C	19	66
Casblnca.	F	25	77	Nairobi	S	23	73
Cape Tn.	S	21	70	Naples	S	17	63
Corfu	C	18	64	Nice	S	16	61
Dubrovnik	S	15	59	Nicosia	S	23	73
Faro	R	19	66	Oporto	C	19	66
Florence	S	14	57	Rhodes	S	20	68
Funchal	C	18	64	Salzburg	S	6	43
Gibraltar	C	19	66	Tangier	F	[illegible]	73
Guernsey	C	10	50	Tenerife	C	21	70
Innsbruck	S	9	48	Tunis	S	20	68
Inverness	S	13	55	Valencia	F	18	64
I. of Man	S	[illegible]	[illegible]	Venice	S	11	52
Istanbul	C	13	55				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

Wholesale prices rise slowly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OUTPUT PRICES charged by industry at the factory gate are still increasing at a moderate pace. This suggests that some of the higher pay rises this year have been absorbed by companies at the expense of profit margins.

The wholesale price indices, published yesterday by the Department of Industry, also support Government hopes that the 12-month rate of retail price inflation should remain at about the present level of 8 per cent until at least well into next year.

The indices for output prices, and for the cost of industry's raw materials, each increased by about ½ per cent last month, roughly the same rise as in September.

The recent more favourable trend is highlighted by a rise of 3.6 per cent, over the last six months, in the output price index for manufactured products to 156.4 (1975=100). This compares with an increase of 3.8 per cent over the previous half-year.

This has been slightly surprising in view of the acceleration in the growth of unit labour costs in the last year—up by about 12 per cent. The CBI said last week that there was evidence that a large proportion of Phase Three pay increases has so far been absorbed in profit margins, and industry's profitability (excluding North Sea oil operations) fell, in the second quarter, to nearly its lowest level since the war.

WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home sales)
1978	Jan.	139.4	148.3
	Feb.	139.1	149.2
	March	142.0	150.0
	April	145.1	150.9
	May	146.8	151.9
	June	147.0	152.7
	July	145.8	153.8
	Aug.	144.2	154.8
	Sept.*	144.8	155.6
	Oct.*	145.7	156.4

* provisional
Source: Department of Industry

The recent pay increases and the higher employers' national insurance contributions will be pushing up prices over the next year. But whether the 12-month rate of retail price inflation will remain in single figures or return to double figures after next spring will depend both on settlements in the present wage round, and on the exchange rate and import costs.

The trend of raw materials costs has, until recently, been helpful to industry, as weak commodity prices and a firm sterling exchange rate has ensured that the cost of materials and fuel has risen by only 1½ per cent in the past 12 months to 145.7 (1975=100).

The slight rise in this index in September and last month after a fall in the previous two months, reflected both the fluctuations in sterling and an increase in the dollar price of several commodities. Many economists expect that commodity prices will rise steadily, though not rapidly, next year—offsetting the sharp falls earlier this year.

Last month, the cost of materials bought by manufacturing companies outside the food sector, rose by ½ per cent. The depreciation of the dollar reduced the sterling cost of crude oil, and helped in part to offset higher costs of other materials.

However, with crude oil excluded, costs rose by 2½ per cent with higher prices for non-ferrous metals, particularly lead and cobalt, and for woodpulp, imported steel and chemicals.

Output prices charged for manufactured products other than food, drink and tobacco, rose by ½ per cent last month, and the most significant contributions were made by the paper, printing and publishing, and the mechanical engineering sectors.

Higher prices for milk products were mainly responsible for a ¼ per cent rise last month in the output price index of food manufacturing companies. This sector's costs rose by 1 per cent last month in spite of lower prices for home-produced meat.

CBI solidly opposes plan for laws on industrial democracy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT plans to publish a Bill on industrial democracy next year will come under renewed attack from industrialists after the CRonfederation of British Industry yesterday expressed overwhelming opposition to legislation on any form of employee participation in company decision making.

The CBI's views on the subject emerged at the end of the first day of its national conference, at Brighton, during which fears of union power and calls for secret strike ballots had constantly emerged in speeches on a variety of subjects.

Mr. Michael Edwards, chairman of BL (formerly British Leyland) even slipped a demand for secret ballots into a major speech on taxation in which he called for cuts in personal taxes.

The cuts could be funded by a more prosperous industry, he said. "Let prices go free, subject to market competition, and let profits rip, and we'll deliver the taxes to the Government from our companies."

The taxation debate stirred some emotion. But it was employee participation which really brought the conference to life.

Lord Watkinson, the Confederation's former president, acknowledged the strong views on the subject when he made the final speech and said: "Gut feelings have begun to come through." He persuaded the conference to remit the issue to the Confederation's policy-making council for re-consideration.

The council already totally opposes legislation on worker-directors. Opposition to all legislation on the subject could bring the Confederation into conflict with all the main political parties, since the Conservatives and Liberals, as well as the present Government, have developed plans for laws.

Meanwhile, the Confederation will draw up its own voluntary code of good employee-participation practice.

The strength of views on the subject was demonstrated by Dr. Austin Pearce, chairman of Esso, who recently organised British chief executives of the UK subsidiaries of nine U.S.-owned companies to write a joint letter to the Government warning that its policies on this and other subjects were making it harder to bring American investment into Britain.

The other eight companies are Ford Motor, IBM, Kodak, Rank Xerox, Proctor and Gamble, Standard Telephones and Cables, Monsanto, and Honeywell.

Dr. Pearce told the conference he had never seen foreign confidence in the UK so low as now and said: "Every single man in this list of companies wants investment to come into the UK, but they all said in our submission that it is much more difficult because of the growing political worry of whether the UK is a good place to be."

Conference report, Page 10

John Davies ends his political career

BY RICHARD EVANS, LOBBY EDITOR

MR. JOHN DAVIES, former Industry Minister and Shadow Foreign Secretary, has had to give up his political career because of ill health. He has resigned as MP for Knutsford, it was announced yesterday.

Mr. Davies is one of the most experienced members of the Consrevative front bench, with a notable background in industry. He was taken ill while making a speech on Rhodesia at the Tory Party Conference, and later had a neurological operation at a London hospital.

Mrs. Thatcher, the party leader, will have to choose a Shadow Foreign Secretary in his place.

Mr. Francis Pym, Shadow Leader of the Commons, is filling the post temporarily and the two deputies are Mr. Douglas Hurd, MP for Mid-Oxfordshire, and Mr. Richard Luce, MP for Shoreham.

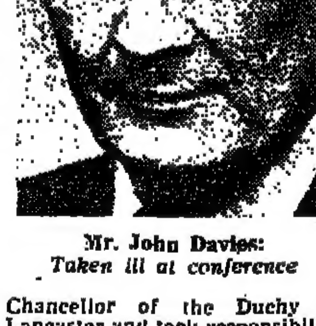
Following Mr. Davies' application for the Manor of Northstead yesterday, there will have to be a by-election at Knutsford, where he had a safe majority of 10,426 at the last election.

Mr. Davies first became an MP in 1970 and immediately entered Mr. Heath's administration because of his background as vice-chairman and managing director of Shell-Mex ad BP from 1961 to 1965, and director-general of the Confederation of British Industry from 1965 to 1969.

Mr. Heath made him Minister of Technology from July to October 1970 before a Whitehall reorganisation, when he headed the "super-Ministry" of Trade and Industry.

It was in this role that he made his famous speech at the Tory Party Conference pledging harsh treatment for lame ducks in industry.r

When this policy was reversed by the Government, he became



Mr. John Davies: *Taken ill at conference*

Chancellor of the Duchy of Lancaster and took responsibility for Britain's relations with Europe.

Mr. Davies was a director of the Hill Samuel Group from 1969 to 1970 until he became a Minister and be returned to the board in 1974.

Continued from Page 1

Austin-Morris hit

Paul Roots, director of Ford employee relations, said the company was ready to talk about the rules governing lateness and absenteeism proposed in its attendance payments plan, worth 5.15 per cent of the company's total 17 per cent "final" pay offer.

His comments followed a meeting of the 53 trade union negotiators to consider the overwhelming rejection of the offer by the 23 plants. The unions declared readiness to meet the company "at any time," but said they wanted to negotiate on the original claim.

Such was the mood of the meeting at the Transport and General Workers' Union London headquarter that it was only with difficulty that senior negotiators persuaded the committee to throw this lifeline to the company. Many said that in the light of the mass meetings the company should be left to make the first move.

Each side accused the other of breaking off the negotiations prematurely. Ford said it was not prepared to increase its basic offer beyond the 9.75 per cent last offered, and claimed the unions had refused even to discuss the attendance plan.

"If they had done so, we might have arrived at more acceptable rules covering lateness, and absenteeism without permission," Mr. Roots said.

Ford is under pressure to reach a settlement because of the damage the strike, now in its seventh week, is doing to its European plants.

Yesterday, as expected, three-quarters of the 8,000 Saarlouis car workers in West Germany were laid off, at a cost in lost production of Escort and Fiesta cars of DM 10.6m sales revenue a day.

● At Vauxhall, Dunstable workers begin voting today in a secret ballot on the company's "final" pay offer.

Continued from Page 1

Midland

The union's executive is to study Midland's proposals next week and then consult its members further.

The Association of Scientific, Technical and Managerial Staffs, which is also recognised by Midland, said yesterday that it understood the need for the bank to remain competitive, but had doubts whether, further late night opening would help.

Midland's Saturday plans for its area offices relate to another experiment now being conducted. The area offices have been set up to take over from a number of local branches some specialised services and much of their administrative work.

They do not provide counter service, but under the proposed scheme would be open probably between 10 am and noon "to give personal customers the opportunity to arrange loans and obtain financial advice on the day when families plan their big purchases."

Bakers' strike will hit 70% of bread supplies

By Alan Pike, Labour Correspondent

A BAKERY workers' national strike in England and Wales began early today after receiving unanimous approval from the executive of the Bakers, Food and Allied Workers' Union yesterday.

The action will lead to immediate disappearance from the shops of some 70 per cent of normal bread supplies produced by big companies in the Federation of Bakers.

Bread will continue to be produced by independent bakers, but the union warned that it might call out its 3,500 members in this sector unless they received a £10 a week pay offer.

Mr. Sam Maddox, general secretary, said that members in the independent bakeries might also stop work if their employers began producing more bread than usual.

The strike call followed rejection by the union last week of a 5 per cent pay offer, boosted by a 6 per cent productivity deal, in response to a 26 per cent claim for its 26,000 members in federation bakeries.

The strike decision was described as "irresponsible and anti-social" by the federation. Employers are particularly angry that the union leadership has endorsed strike action when the current agreement does not expire until the end of this month.

Some suggest retaliating by refusing in future to collect subscriptions for the union, and possibly withdrawing from post-entry closed shop arrangements.

In the present circumstances, said the federation, its offer was a reasonable one.

Mr. Maddox said that negotiations had broken down because the employers were not prepared to improve upon a "ridiculous" offer. He saw no way out of the dispute, which could become a long drawn-out battle.

The union expects full support for the stoppage from its members. Mr. Maddox said that some workers in East Anglia had walked out before the strike call was made after a meeting of the union's executive.

Employers said that the Advisory Conciliation and Arbitration Service had indicuted that it was ready to offer its services to help resolve the dispute.

Kreisky takes the blame for defeat

By Paul Lendvai

VIENNA, Nov. 6.

DR. BRUNO KREISKY, the Austrian Federal Chancellor, assumed full personal responsibility today for the Government's narrow defeat at yesterday's referendum over the commissioning of Austria's first nuclear power plant.

He considers the result a "vote of no confidence" in him.

The Chancellor refused to be drawn into a discussion of his personal intentions before the crucial meeting of the Socialist Party leadership. Later tonight he insisted, however, that his idea of a referendum was right. Decisions on such crucial issues could not be taken in Parliament by a majority of only one or two votes.

"Everywhere in the world, nuclear power has become a political question," he said. Without the plebicite, the Opposition would have converted the next general election into a poll overshadowed by the atomic controversy.

Analysing regional results, the Chancellor said that he was convinced that the Socialists would win an absolute majority at the next general election. However, he spoke out against early elections.

He admitted candidly that, on his estimates at least 100,000 Socialist supporters voted against the nuclear plant. He and Dr. Josef Staribacher, Minister for Trade, emphasised that the Government would respect the outcome of the referendum.

Some 3.26m Austrians, 64 per cent of eligible voters, went to the polls yesterday. The opponents won with a narrow majority of 30,000: 50.5 per cent against 49.5 per cent.

Dr. Kreisky added that the balance was tipped by the westernmost province of Vorarlberg, where 84.4 per cent of voters opposed the project. The population of the province, which borders on Switzerland, had in the past opposed the projected Swiss nuclear plant at Ruethy, and was equally adamant in rejecting a plant in eastern Austria.

In contrast, the eastern provinces and Vienna, most affected by the plan, voted massively in favour of nuclear power.

It is now up to the operating company, consisting of the state electricity concern and seven regional utility companies, to take the next steps.

Editorial Comment, Page 22

THE LEX COLUMN

Recovery bid just fails at Lucas

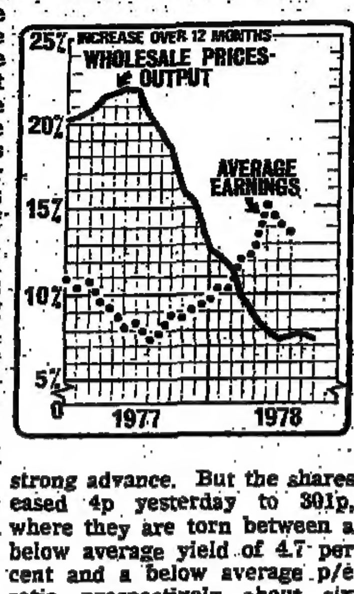
With £73.1m pre-tax for the year to July against £76.8m, Lucas Industries has not quite been able to achieve its aim of recouping the first half's strike costs. On its latest reckoning the toolroom dispute cost more like £12½m than the £11m first suggested, while profits from the diesel engine component side were not quite up to best hopes because of a slump in tractor demand and technical delays which held up the start of deliveries for the Volkswagen Golf contract. Even so, second half profits rose by around 8 per cent, and only the threat of prolonged stoppages at UK customers, such as Ford is already experiencing, distrurbs the prospect of a reasonable advance in the current year.

Not too much, though, should be read into the precise figures. One way in which Lucas limited the damage was to cut back revenue spending (charged against profits) by £10m from the originally planned £60m. Another £10m was sliced off capital spending, and this total £20m underspending may be a better measure of the setback to the group's plans. Total revenue and capital outlays remained, however, a little above the level of the previous year and R and D cost £5m more at £35m.

The market background in the UK was distinctly unexciting during Lucas's trading year—car output rose a little, but was offset by the tractor setback. There was some recovery in aircraft equipment, where trading profits were £3.5m compared with a small loss. Nevertheless UK profits, under the influence of the strike, fell £6.2m to £50.4m and it was left to the overseas operations to provide some offsetting gains. The European diesel equipment business has performed very well, and the brake side has been good in Germany, though held back by price controls (now relaxed) in France.

For the current year the diesel order book is good—Lucas is just starting on the three-year, £10m a year VW contract—while European business is generally strong and aircraft component orders are also coming in fast. But the aircraft side faces a reorganisation this year, and the Ford stoppage has now lasted too long for the damage to be quickly made up. Outside analysts are hoping for something like £95m pre-tax, bearing in mind that the first half, at least, should show a strong advance. But the shares eased 4p yesterday to 301p, where they are torn between a below average yield of 4.7 per cent and a below average p/e ratio—prospectively about six after a full tax charge, maybe four on the SSAP 15 basis.

Index rose 3.0 to 475.4



Sohio

Tomorrow the citizens of Long Beach, California, will vote to decide whether or not BP's subsidiary Standard Oil of Ohio may go ahead with its plans to build an oil terminal in the city to link up with a pipeline to Texas. Opinion polls suggest the referendum may go Sohio's way, but there is a tantalisingly large "don't know" element.

Sohio has been seeking a terminal for four years now. There is an oversupply of oil on the U.S. West coast and shipment to the Gulf of Mexico through the Panama Canal is costly. The company has been spending heavily on publicity and has promised to pay for the cleaning up of other pollution in Long Beach.

The city's vote, though important, is not the end of Sohio's problems: the pipeline scheme could still be scotched by state environmental agencies. Sohio is talking in terms of the pipeline possibly opening—if all goes well—in 1980. Although most of the pipe, which used to carry gas from Texas to California, is already in place, this estimate may be too optimistic by two years.

It is therefore very early to be working out the cost advantages, although Sohio clearly thinks they will be substantial. The cost of the terminal, the pipeline and the pollution control would probably be well over $500m at present. Against this, estimates of how much the company could save on transport costs vary from 35c to $1 a barrel, and around 320,000 barrels a day are to be shipped through Panama. BP boast that the pipeline could save £100m a year looks rather ambitious at current prices, although if the Texas pipeline were open it could be far more attractive to raise output from Prudhoe Bay and expand the Trans-Alaskan pipeline.

The oil price is crucial to the costing of the whole Alaskan operation, and now that Iranian crude is being withheld from the world market the spot free market oil price is edging up and making an OPEC price rise of over 10 per cent more likely. Events in Tehran may prove just as significant for Sohio and BP as events in Long Beach.

Regulatory battle

Advocates of increased regulation in the City might learn a thing or two from a regulatory dogfight now taking place across the Atlantic. The Commodities and Futures Trading Commission (CFTC) is being pursued by the Treasury, the Federal Reserve and the Securities and Exchange Commission, not to mention Missouri gaming authorities.

The problem is that the CFTC has woken up to the fact that it is now in charge of the fastest growing financial market in the United States—financial futures—and has been gaily authorising all sorts of new futures contracts in financial instruments. The other regulatory authorities are worried that the CFTC does not understand the way these new financial instruments are impacting on the markets, and fears there could be widespread abuses. But nobody seems able to stop the CFTC since it has just been given a new five-year lease of life by Congress.

The final straw, as far as the SEC was concerned, was when the Kansas City Board of Trade came up with the idea of launching a futures contract based on the Dow Jones Industrial average. This threatened the SEC's traditional control over the securities industry. It asked the CFTC to stop it. But all the CFTC will say at the moment is that "we are an independent regulatory agency with a job to do."

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.